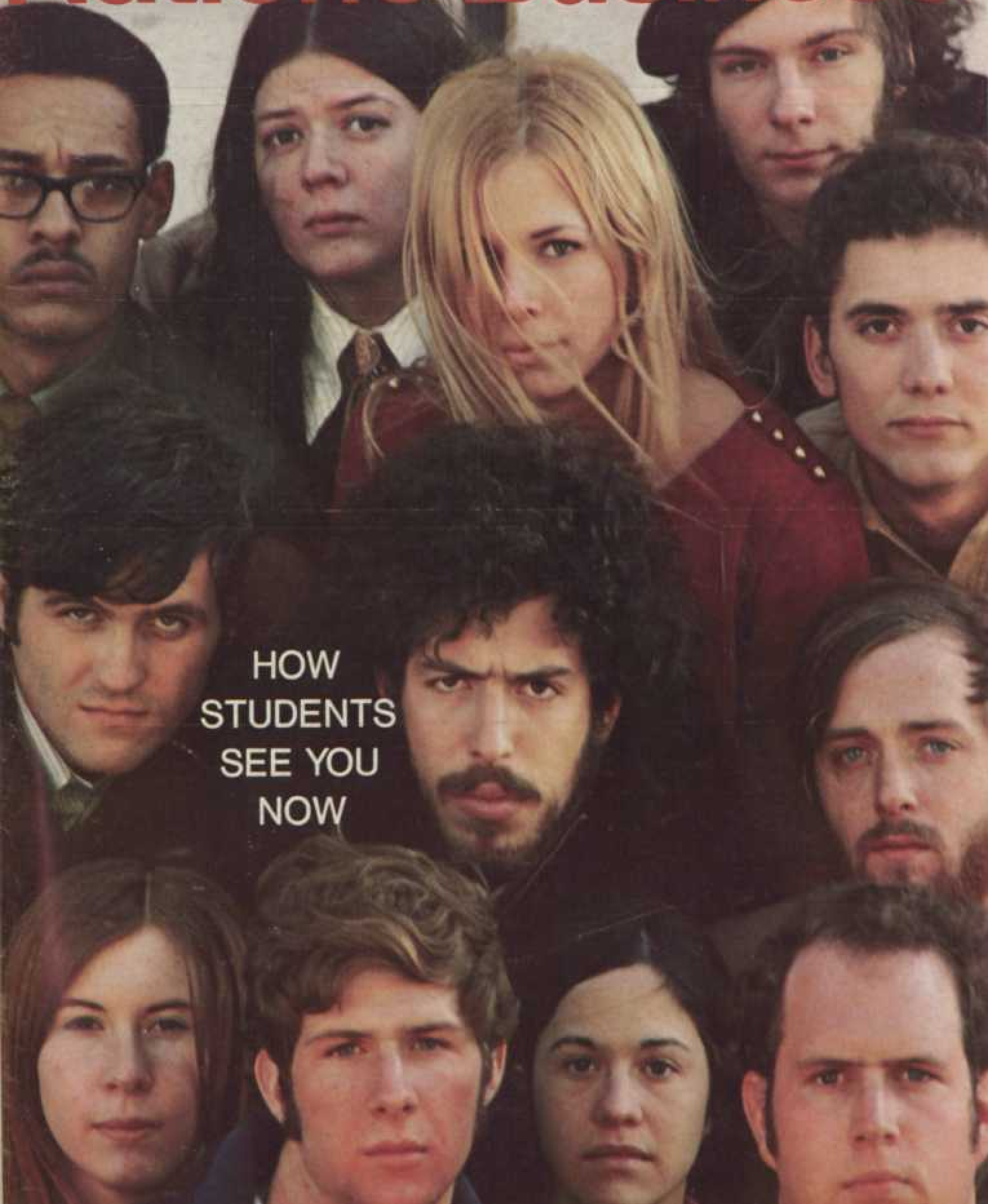
A USEFUL LOOK AHEAD FROM WASHINGTON

MAY 1970

Nation's Business



HOW STUDENTS SEE YOU NOW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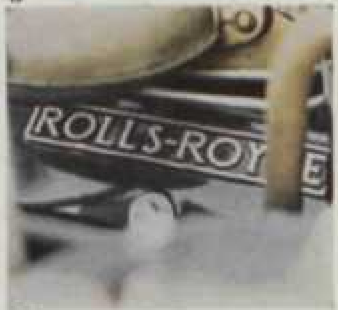
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A close look at the personal Rolls-Royce.

1. The personal Rolls-Royce is the Silver Shadow. The four-door sedan is the standard model. It costs $20,700.
2. The seats are covered with English leather, eight hides to a car. Only one hide in 500 is selected.
3. The panelling is of rare Circassian walnut, cut from century-old trees.
4. Air conditioning is standard equipment. A split-level ventilating system lets you warm your feet and cool your face at the same time.
5. The driving seat adjusts eight ways at the touch of a button. The seatbacks, even the armrests, are adjustable.
6. All the tools (and the six spare light bulbs) are bedded in foam so they don't rattle.
7. Vigilant lights on the instrument panel monitor fuel and coolant levels, engine oil pressure and the twin power-brake circuits.
8. Lights in each door illuminate the ground as you step out, and warn oncoming traffic that a door is open.
9. Both rear seats have illuminated vanity mirrors. Ladies may check their appearance before emerging.
10. The cigarette lighters have illuminated sockets so you can replace them easily in the dark.
11. The power steering is light but not numb. It gives you a reassuring feel of the road. The transmission is automatic. The drive selector is electric: you move it with your fingertips.
12. There are disc brakes all around, operated by three separate hydraulic circuits. Automatic levelling allows soft springs without the feeling that you are driving a double bed.
13. The engine is scrupulously balanced, bench-tested, and balanced again. It's almost perfectly silent, even at 100 mph.
14. The Silver Shadow Convertible is a limited edition. Only 50 cars will be available in America this year. $31,600.

ROLLS RR ROYCE

Suggested prices P.O.E., exclusive of local taxes, if any. Slightly higher in Alaska and Hawaii.

For more information, fill in the coupon under the dealer listing on page 10 in this magazine, and send it to Mr. Lynn Perkins, Public Relations and Advertising Manager, Rolls-Royce Inc., Department 1075, Box 2707, Grand Central Station, New York, N.Y. 10017. Our catalogue costs two dollars. Our Owner's Manual, plus a catalogue, costs $12.50.

Nation's Business

Cover photo: Yoichi Okamoto

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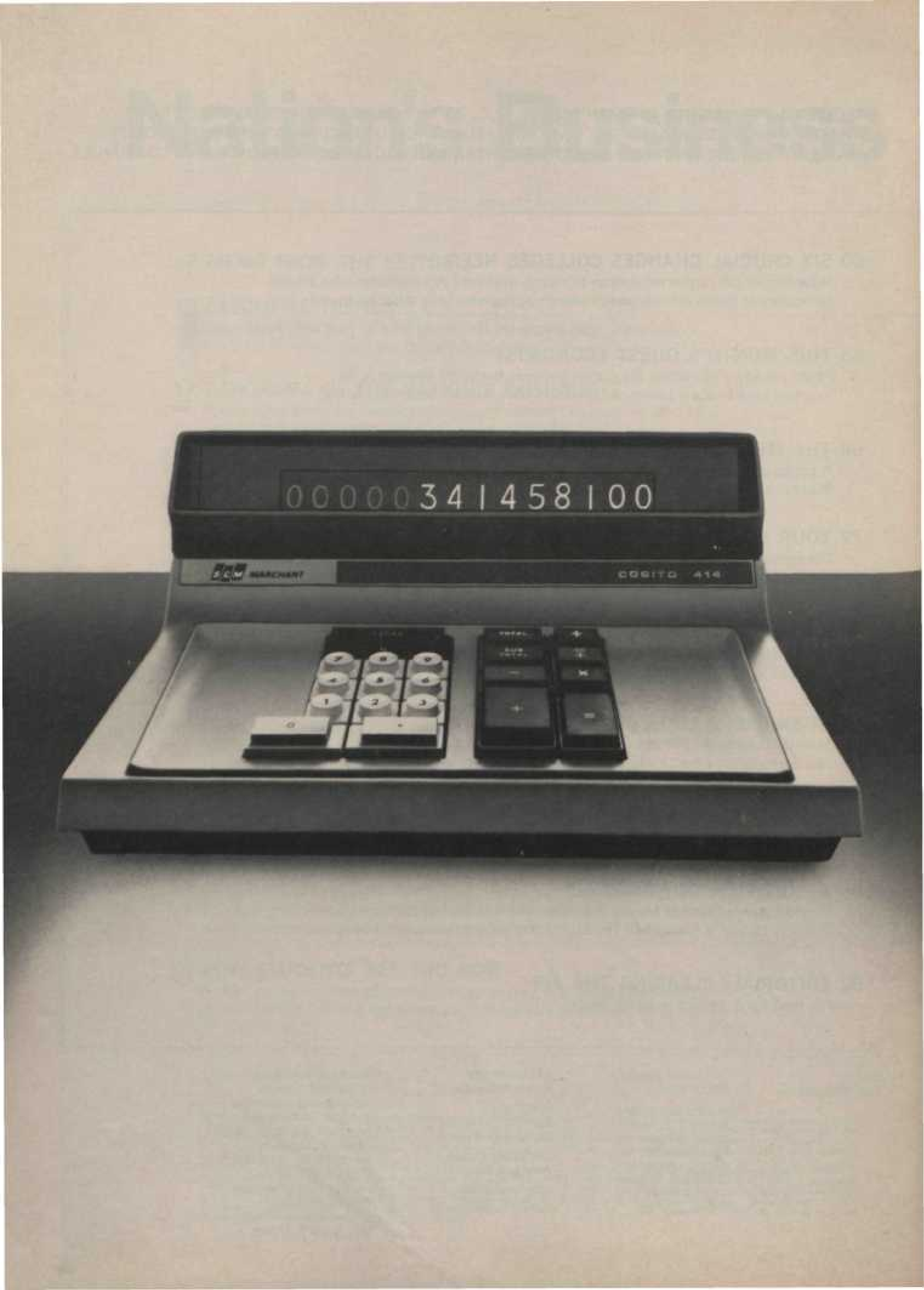

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MEMO FROM THE EDITOR

Nation's Business
Published by the Chamber of Commerce of the United States
1615 H Street, N.W.
Washington, D.C. 20006

You may recall that a couple of years ago last month we warned you there was a highly dangerous proposal in Congress with the high-sounding purpose of promoting occupational health and safety.

We called our article "Life or Death for Your Business" because the bill proposed giving the Secretary of Labor almost blanket authority to put you out of business in the name of promoting job safety.

You wrote in for tens of thousands of reprints of that article and apparently a good many of you must have written your Congressmen, too. Because Congress didn't act on the proposal, but put it aside for further study.

The Chamber of Commerce of the United States kept working on your behalf to develop a fair bill. Until lately it's looked as if chances for that kind of bill were good.

• • •

But now a new proposal is on the front burner which is worse than the original one. The House Select Labor subcommittee has approved a bill which seems to have a fair chance of passing in the House this month unless businessmen point out its dangers. (Senate action would come a little later, and we'll have a complete article on the proposal next month.)

Nobody, of course, wants a single worker to be killed or injured on the job, and very, very few are (see chart). The average American is safer at work than he is at home, on the highway or at play. And that's no accident. Businessmen have made tremendous efforts over the years to make everyone safe at work.

But those pushing the new proposal would go much further. Under their bill the Secretary of Labor would be given power to decide what is "safe and healthful" in your business. He could send around an inspector who could shut down your business on the spot if he thought there was any "imminent danger." Sorry, but no proof would be needed.

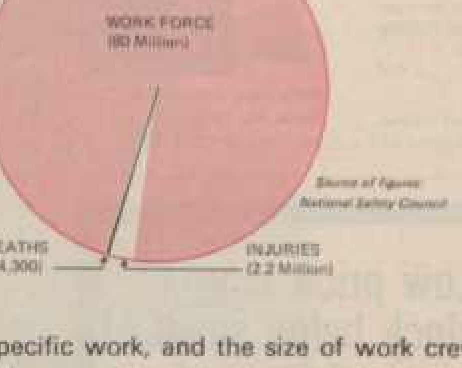
Of course, you could protest the closure order, and appeal, but a victory on appeal would indeed be a hollow one in light of the losses you'd have suffered. Losses, incidentally which could not be recovered unless you could prove the inspector's action was "arbitrary and capricious." (Easier tasks have been posed by "Mission Impossible.")

Meanwhile, those of you presently subject to safety regulation by other federal agencies could be caught in a cross fire, since the bill gives the Secretary of Labor authority over your operations, too. Additionally, state standards would be tossed out the window unless they were tougher than the federal rules.

There are a batch of other provisions, most of them equally unfair. And, of course, there would be a brand new batch of records to keep and reports to make. The bill would require employers to keep records of *all* work-related injuries, diseases and ailments. And this would apply to small businesses as well as large.

• • •

This is extremely important, since the broad authority being given to the government could ultimately lead to regulation of such things as the hours employees may safely work, the qualifications necessary for employees



to perform specific work, and the size of work crews.

In view of the record, most businessmen feel no such law is needed. But if there's going to be one, at least a bill proposed by the Administration comes a whole lot closer to being fair.

The Administration's bill would establish a board to set standards and to conduct hearings, rather than leaving it all to the Secretary. And several other of its provisions are more realistic. (In the House the Administration bill is designated H. R. 13373; in the Senate it's S. 2788).

• • •

Last month we published an article, "Your Right to Write," in which many Congressmen stressed the importance they attach to letters from their constituents telling them how they feel. We are happy to report that *Reader's Digest* is planning to reprint this article so that its many millions of readers will understand the importance of writing their Congressmen.

Jack Wooldridge

LETTERS

HEADING OFF "WOMB TO TOMB" SECURITY

• In my humble opinion, Robert J. Myers' comments on Social Security ["Runaway Expansion of Social Security?" March] are the most sane, comprehensive and rational I've ever read on this subject. They are particularly significant coming from a 35-year career executive in this bureaucracy.

I seriously doubt if the expansion of Social Security to its ultimate, all-encompassing pension and welfare activity, as described by Mr. Myers, can be "headed off." The ultimate goal of our social planners will inevitably be reached—i.e., the complete socialist state with presumed "womb to the tomb" security, comfort and the good life for all—because this philosophy is so politically popular with so many recipients of these so-called benefits, and the vast majority of them vote.

PALMER G. LEWIS
Mercer Island, Wash.

• Mr. Myers sounds like a typical Washington bureaucrat, living on a fat and secure government salary, but completely out of touch with the average wage earner and Social Security beneficiary.

If he thinks that "the vast majority of the people over 65 are quite satisfied with their Social Security benefits," he has another think coming.

What recipients of Social Security insurance payments want is not "all the luxuries of life," but enough to keep them from constant worry and the ragged edge of poverty. An average benefit of $115 per month will hardly do that in a continuously inflating economy.

If Mr. Myers wants something to crusade about, he would do better to work for the elimination of the unjust and antiquated "earnings test" which keeps retirees from supplanting their already slender retirement incomes.

REV. CLARENCE F. AVEY
Westfield, Mass.

• I can't remember ever reading a more well balanced report on such a complex, out-of-balance subject as Social Security and its questionable future.

It was worded in such a way as not to incite business people to panic or radical outbursts. Yet it certainly should "alert" us to the severity of the risks involved.

Mr. Myers' informative discussion should cause us to keep a close eye on impending proceedings in the form of new legislation, and to make our "friends" who represent us aware that

YOU WERE PACKING THE CAR
FOR THE BIG TRIP AND YOUR WIFE
SAID YOU'D HAVE TO CHOOSE BETWEEN
YOUR GOLF CLUBS AND YOUR
MOTHER-IN-LAW AND YOU DID?

Greyhound it.

Greyhound Package Express is fast. Packages often arrive the same day, because they go by bus—right along with the passengers. 7 days a week, 24 hours a day, including holidays. No high cost—and you can even ship collect. So whether you're a big businessman or a little lady with a package, just take it to a Greyhound terminal and *Greyhound it!*

Greyhound Package Express

LETTERS *continued*

we are cognizant of the disadvantages inherent in expansion of the Social Security program.

STANLEY FARMER
Northeastern Office Manager
Eberline Instrument Corp.
Norwich, Conn.

WIN is winning

• I'd like to express my thanks to your magazine for displaying the sensitive advertising message of the Chamber of Commerce of the United States which shows confidence in the mother who really would like nothing more than to be working. I hope it will encourage employers to hire her when she is referred through the WIN program or when she applies for work on her own.

In South Dakota we find there are 25 per cent more welfare mothers working than even the caseworkers thought should be referred when they screened the caseload to initiate WIN. We have no difficulty filling our WIN slots with volunteers. No caseworker has had to use the threat of the loss of a grant as a "club" in our state.

Our real problem is finding enough "stay-at-home" mothers willing to give the child care which will protect our next generation.

MILTON C. HANSON
Director
Service Administration
State Department of Public Welfare
Pierre, S. Dak.

Unnecessary defense

• Re the article [in "Panorama of the Nation's Business," March] about the Du Pont magazine opening its pages to critics:

One of the things we have always noticed about businesses, large and small, is that they are not always really sold on the moral position of business per se, and do not have the necessary confidence in themselves or the business to defend it properly.

Why this is so, we do not know. However, we do know that in our younger days, we were highly vocal and critical of business in general, and over the years, we have seen great improvement in the practices and posture of businesses both large and small.

There is much, we believe, that most young people do not understand about the nature of business. We have been fortunate enough to have traveled the complete circuit, from being extremely antagonistic toward business, to understanding its nature.

In our opinion, business should never have to defend itself, because when one studies the history of this nation, he will find that business has always been in the forefront of progress, and it has been the government and the bureaucrats who have stood in the way of progress.

R. M. STEPTEAU
President
The Office of the Coordinator for Negro Affairs in Queens
St. Albans, N. Y.

Gripe about grapes

• Your biases are showing in the article entitled "Bitter Fruit in the Vineyards" [February].

Douglas Hallett, a member of the white middle class, has given one side of a two sided issue. Let me suggest that you contact Cesar Chavez and his United Farm Workers Organizing Committee in order to get the other side of a very moral issue.

Have appreciated reading your magazine over the years but feel that when it comes to discussing labor-management you tend to accept those articles which would salve the conscience of American businessmen. Now let's hear it for the Chavez movement which has done a lot more for the grape pickers than young Hallett implies.

CECIL P. E. POTTIEGER
Field Representative
Department of Urban Ministries
Board of Missions of The United Methodist Church
New York, N. Y.

Lost executives

• I certainly concur with the comments in "The Case of the Lost Executive" [March].

The section devoted to top career counseling warrants considerable thought because most of us have never had the opportunity of coming in contact with such talent.

At the most we have been exposed to people who are not capable of coping with the placement of an individual, largely because of lack of intelligence.

FRANK F. BLANK
Topeka, Ill.

EXECUTIVE TRENDS

BY JOHN COSTELLO
Associate Editor

- What sales calls cost
- It was only money
- The Paul Principle
- Picking a mutual fund

Beverage salesmen are busy guys

They make more than 61 sales calls a week, Sales Manpower Foundation reports.

That's tops for the 11 manufacturing industries covered in its latest series of sales surveys.

And their cost per call, $6.17, is the lowest.

Costs—either per call or as a percentage of dollars of sales—vary widely, as the table below shows. It's a summary of some of the detailed data in each of the Foundation's 31- to 32-page industry reports.

Industry	*Average cost of selling*	*Cost of average sales call*	*Average calls per week*
Paper products	6.7%	$36.08	23.5
Textile	6.7%	$28.94	21.3
Building materials	8.8%	$33.65	30.3
Chemical	9.9%	$49.71	20.1
Machinery	10.0%	$52.08	15.7
Electrical equipment and appliance	11.4%	$49.87	20.7
Electronic	11.5%	$73.08	16.7
Beverage	13.4%	$ 6.17	61.3
Printing and publishing	15.5%	$43.37	24.7
Office equipment and supplies	18.3%	$21.10	27.4
Drugs	26.8%	$17.48	42.5

"Two things stand out in our surveys," says Hank Astwood, director of SMF, a division of the Sales Executive Club of New York.

"One is the high cost of finding and training salesmen.

"For example, more than $8,400 for a machinery manufacturer—plus the salesman's pay.

"Another is the even higher cost of keeping men who don't sell.

"A company with a 100-man sales force is apt to have 13 to 20 who don't pull their weight. At an average cost of $13,500 a man, say, for pay and expenses, that's an annual loss up to $270,000.

"Can any sales manager defend it?"

How to save $1—instead of two bits

Company cost-cutting can be—and frequently is—more game than real article.

Deserving, perhaps, some cutting remarks.

Here are tongue-in-cheek tips on how to play the "savings game"—and win:

• The "we were gonna" gambit.

Take a new plant, or new machine, that "we were gonna" build or buy. Say the plant, after a closer look, would have been a dud. Or the new machinery wouldn't really pay off.

Don't write these off as boo-boos averted. Claim them as a savings.

• The pick a number ploy.

Do something—anything—differently.

Junk one form, and substitute another. Or switch from gadgets to widgets. Any time you make a change, you can always claim some cost advantage.

Next year, switch back—and you can "save" again.

• The partial people parlay.

Slice your employees into fractional parts.

Make a study that shows, for example, that 1,000 employees waste 10 minutes a day sharpening pencils. So you buy ball-point pens.

Result: Saving 166.67 man-hours a day at X dollars per hour. So who cares, or knows, if instead they spend 10 minutes more on coffee breaks or at lunch?

• The curve-ride caper.

Unit costs of most new products drop as you get them into mass pro-

duction. It's natural. With experience, people devise better ways to make them. Some call that drop in costs the learning curve.

By riding it, you can always safely project visible savings.

It's easy to multiply these—and other—phantom savings, an expert points out in a recent issue of *Management Accounting* magazine. Simply add them up for two, five or 10 years ahead.

That way you can double them—and more.

The "savings game," the article points out, is reminiscent of the youngster who bragged to his dad: "I saved 25 cents today by running alongside the bus—instead of riding it."

"Tomorrow," his dad replied, "save $1. Run alongside a taxi."

Goodbye credit—hello, SAVE

It's an acronym for System for Automatic Value Exchange.

Not a punchy title. But SAVE will pack a wallop—if it comes.

"And come it will," says Richard E. Sprague, president, Personal Data Services Corp., a New York management consulting firm.

SAVE could mean, for example, virtually no:

- Accounts receivable.
- Billing.
- Float for banks.
- Skip tracing.
- Losses from bad checks.

And last but not least, very little use of money.

You wouldn't pay an employee's salary in cash or by check. You'd deposit it—electronically—to his personal account in a SAVE computer.

He'd spend it by buying things with his SAVE card—a personal identification card, not a credit card. When he buys anything, the cost would be automatically—and instantly—transferred from his account to the store's.

"Doing away with money is the core feature of SAVE," says author Sprague in his new book, "Information Utilities" ($8.50, Prentice-Hall, Inc.).

"We've gone from gold and silver to

dollar bills and then to checks and credit cards. SAVE is one more step in that direction.

"We have the technology now. In fact, parts of the system are already in use. They just have to be hooked up together."

U. S. executives vs. Asians and Europeans

Who's the most democratic executive?

One survey shows some sharp national differences.

The Management Research Center of Rochester University's College of Business Administration tested managers from seven nations: Belgium, Denmark, India, Italy, Norway, the United Kingdom and the United States.

How, they were asked, did they prefer communication in their businesses?

One way, meaning an authoritative "Do as I say" style?

Or two way, meaning, "Let's talk about it"?

All Americans preferred two-way give-and-take, when on the receiving end. Norwegians were next (97.7 per cent) and Italians (95.7) third. Indians (88.2) were last.

As for giving orders, Norwegians (95.5 per cent) preferred two way most. Americans (93.5) were second; Italians (91.5) were third; Indians (79.4) were last.

The Center said its tests showed that Belgian, American, Norwegian and Italian executives, in that order, get the two-way message across fastest. But U. S. executives ranked highest in getting the message right. In one-way style, they were first, with Italian executives close behind. In two-way style, Americans were second, a nose behind the British.

And now, the Paul Principle

You've heard of the Peter Principle: Every executive rises in his organization until he achieves a level at which he's incompetent.

Stanford Computation Center's Director Paul Armer claims to have discovered another natural law.

Namely, that, in time, all executives become incompetent even at jobs they once handled well.

Examples, Mr. Armer says, are common at the highest levels of business, science and government.

Why? Because in this highly technological age, the executives soon become obsolete.

Part-time efforts to stay abreast aren't enough any more, Mr. Armer asserts.

Year-long sabbaticals are one answer, he notes. They'd cost $30 billion annually for 5 per cent of the work force—or about the same as our annual gain in productivity, he says.

Picking a mutual fund

Past performance isn't everything, one expert warns. For one thing, though funds may not change, managers do.

Arthur Lipper III, president, Arthur Lipper Corp., New York investment bankers, says the answers to three questions should also help you make a choice.

- Is the fund bullish—or bearish?
- Is it loaded with blue chips—or hot stocks?
- Is it highly concentrated—or widely invested?

It's bearish if it's loaded with cash. It's counting on the market dropping. Like everyone, it wants to buy at the bottom—and sell at the top.

It's conservative if most of its stocks pay dividends. Generally, the dividend-payers are higher-quality stocks. If the fund shuns them, it's counting on frothier issues to pay off best.

You can tell if it's concentrated by checking its portfolio. Is a lot of its money tied up in a single stock? Check also its five largest holdings, and the top 10. What percentage are they of its total investment in common stocks?

If a lot of its money is riding on a few stocks, it can go up—or down—fast. If its money is spread more evenly over many issues, it's less likely to shoot up, or tumble.

You can answer all three questions, Mr. Lipper says, by looking at a fund's annual and quarterly reports.

He suggests at least the four most recent quarterly reports—that way you can spot trends.

Putting your money into a mutual fund isn't a sure road to riches. But a well-run fund has advantages, author Robert Frank points out in "Successful Investing Through Mutual Funds." It tends to reduce risk, diversify your investment—and keep inflation from shrinking that hard-earned buck.

Here's what would have happened, Mr. Frank says, to $1,000 in 20 years' time if you had, starting on Jan. 1, 1948, kept it in:

	Income received	*Amount Dec. 31, 1967*	*Purchasing power*
Cash	None	$1,000	$720
5 per cent savings account	$1,685	$2,685	$1,933
Mutual fund	$2,395	$8,446	$6,081

The fund is "a reputable" one whose objective is capital growth. Figures above assume that dividends were taken in cash—but that capital gains were reinvested.

In 1940, fewer than 100 funds existed. Their assets were a mere $500 million. Today, there are more than 400 with assets over $55 billion.

Facing a big-name legal eagle

That's bad news.

Your chances of winning a court fight shrink if the plaintiff's counsel is widely known.

Jury Verdict Research, Inc., cites this example.

A truck driver was banged up after a tire blowout on his tractor trailer. He slapped a personal injury suit on the tire maker. His lawyer was a famed courtroom figure. The jury awarded the plaintiff $84,000.

"That figures," the research firm comments.

"Our studies show that lawyers whose names are instantly recognized by the public have a won-loss record far above average.

"And the awards they win run more than twice as high as the usual verdict for the same injury.

"For a businessman, the moral seems obvious.

"He'd better fight fame with fame."

How would you like to save up to 25% on your business insurance?

Sure, you would.

Well, here's what to do.

Call your local Continental agent and tell him you're tired of paying through the nose for a lot of different policies from a lot of different companies.

Tell him you'd like to put all your property, liability and fidelity insurance in one policy. Then maybe we can save you up to 25% or more on premium payments.

He's then going to tell you that you need a Continental Comprehensive Business Policy. Because our CBP can be tailor-made to your particular business needs. So you pay only for the protection you need.

(You see, when you have a lot of different policies your coverages may overlap. So you end up paying twice for the same thing.)

Of course, your Continental agent will tell you about some of our other advantages, too.

Such as having only one premium to pay, only one expiration date to remember, only one agent to deal with. Even how to avoid dangerous gaps in your coverage.

Oh, yes, there is one last point your Continental agent is sure to mention.

And it's this: if you want to know exactly how much money you can save, he'll arrange for your business to have a complete insurance survey.

Free.

The Continental Insurance Companies

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of the line
at
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Seeing ourselves as others see us

Next time your friendly IRS agent calls you in for an audit, you may find him more tactful than usual.

If so, you may be indebted to that versatile training tool—the videotape.

Internal Revenue Service now uses it in grooming its agents. One objective, an IRS spokesman says, is training "our employees to be courteous and efficient in meeting the public."

To show how an agent should perform his job, IRS' National Training Center in Washington has students act out situations they can expect to face during the working day.

"At first we used closed circuit TV," says James A. Everett, chief of the IRS Methods Section.

"But the agents got bored. Our lectures ran continuously and didn't allow trainee participation.

"With videotape, we can stop the action at any point so the class can discuss what's on the screen. Interest really perked up. We found we could cut class time 25 per cent—with no loss of learning.

"Also, you can let the trainee watch himself on film—and see what he did right, and what he did wrong.

"Seeing makes it sink in a lot faster than telling him how he did."

Babcock & Wilcox, maker of the TV cameras, says business finds the same method useful in executive and sales training.

"It gives the man a chance to see himself as others see him," a B&W spokesman adds.

Speakers—an asset to a bank

Find a Long Island program chairman, and you'll find a friend of the National Bank of North America.

The bank offers, for the asking, that *sine qua non* of every lively meeting: Someone to speak who's worth listening to, or a film that won't put the gang to sleep.

"A couple of years ago," Board Chairman Sidney Friedman says, "it dawned on us that there were some 3,000 clubs on Long Island. All of them, of course, have the usual need for quality programs that will build attendance and aid their civic and charitable activities."

North America now will provide a club with an authority on gourmet cooking who studied at Paris' Cordon Bleu school, or an expert on dried flower arrangement or interior design.

For men's clubs, or football widows who'd like to understand what their husbands watch so avidly on the TV screen, it has a gripping movie, "How to Watch Pro Football."

The bank not only provides speakers, but gives advice on publicity.

"Cost is about $30,000 a year," banker Friedman says, "but it's worth every penny in goodwill."

Keeping in touch with your electronic brain

What do these entrepreneurs have in common?

A New York broker.

A Hong Kong clothing salesman.

An air cargo handler.

Answer: A new, portable computer terminal. It weighs 26 pounds, fits in a briefcase and both sends and receives.

The broker uses his on his yacht. He plugs it into an electrical outlet, calls his firm's computer on the phone and is able to tap reams of electronic data on stocks he's watching—as well as the latest price quotations.

The clothing salesman carries the gadget to a customer's office. He measures him on the spot and feeds the figures into his terminal, which forwards them to the company's computer for rapid relay to tailors in Hong Kong.

One airline uses the device for inventory control and invoice billing. An employee carries it from warehouse to warehouse, takes stock, and feeds the statistics to the company's EDP center, where it's added to other data and is stored for daily use.

The gadget, PortaCom, "can go wherever the user's imagination and problems take him," says John D. Hazzard, president of Data Products Systems Division, its maker.

"Your computer's never more than a phone call—and an electrical outlet—away."

TV Camera Shares History's Spotlight

A color television camera that made medical history has taken its place at the Smithsonian Institution along with Lindbergh's "Spirit of St. Louis," the American flag which inspired Francis Scott Key to write the national anthem, and the Hope diamond.

The camera, used in the first nonexperimental color telecast, was donated to the museum by Smith Kline & French Laboratories.

The telecast took place on June 6, 1949, at an American Medical Association convention in Atlantic City, N. J., and showed an appendectomy being performed in a nearby hospital. Here, for the first time, thousands of doctors were able to witness what up to then only the operating surgeon and his assistants had seen—a surgeon's view of an operation in full color.

It was so realistic that a number of doctors, who had not seen an operation in years, fainted.

The camera was developed for SK&F by Dr. Peter Goldmark, a world-renowned physicist at the Columbia Broadcasting System research laboratories and the man who invented the long-playing record.

After Atlantic City, similar SK&F medical color television programs were shown at a number of scientific meetings around the country. In 1951, the first transcontinental color telecast was achieved. A heart operation in a Los Angeles hospital was viewed by scores of doctors in Chicago and New York.

In 1962, the system was used in the first live color TV transmission from Europe to the United States via communications satellite. A medical conference in England was viewed by physicians attending the International Congress of Dermatology in Washington, D. C.

It is estimated that in their two decades of operation the SK&F telecasts were seen by 955,000 doctors at 305 different programs in 49 cities. In all, these doctors witnessed 1,289 surgical demonstrations and 2,038 clinical demonstrations.

Just the Ticket for a Training Film

Training films have become big business and almost every company of any size uses them to break in new employees or retrain older ones. Some of these films are mini-scale Hollywood productions and run into considerable money.

When Continental Can Co. developed a new welding system for making metal containers it was faced with having to train thousands of production-line workers, many of them older employees with fixed work habits.

It turned to its training materials department and said, "Decide what you have to do and find something that will do it."

Leonard A. Dodge, head of the department, could have produced motion pictures, exhaustive training manuals, film strips, lecture guides and other traditional training tools. This would have meant hiring professional actors, leasing expensive filming equipment and tying up production lines during shooting.

Instead, Mr. Dodge turned to videotape recording (VTR), which

Continental Can uses videotape recording to train employees.

proved to be more flexible and far less expensive. In place of actors, scripts and props, he moved his portable video camera into an actual work area and filmed employees at their jobs. No rehearsals, no production interruptions.

"Who is in a better position to know the process, the job requirements, the sequence of operations, the functions, or the tricks of the trade than the technicians, designers, engineers, suppliers and setup men themselves?" Mr. Dodge could point out later.

New employees who work Continental's Conoweld lines generally are machinists, but do not know the can-making vocabulary—end unit, double seam, side seam, and all the other special words. The tapes teach the vocabulary and introduce the process without eating up valuable production time.

"We do not take them into a dusty training room, sit them down with a manual and order them to study," says Mr. Dodge. "The VTR equipment, with its professional look, helps show the men that they are not on their own and that the company is there to help."

To show that the training concept works, an instructor took some employees aside, explained a machine setup, ran through it with them on a simulated part, then took them out on the line. Then he picked a second group, ran through the same material using the tapes, and sent these men to the line. About 40 per cent more of the second group than of the first went through the setup error-free.

SOUND OFF TO THE EDITOR

SHOULD WE SWITCH TO METERS AND KILOGRAMS?

Could the American motorist adjust to signs telling him the speed limit is 100 kilometers an hour?

How long would it take a housewife to get used to buying meat by the kilogram and cloth by the meter?

What problems and expenses would business face if this country shifted to the metric system for its weights and measures? And what problems would it face if America continues to buck a world-wide trend toward the metric system?

These are among questions the U. S. Commerce Department is exploring in a study commissioned by Congress to determine the advantages and liabilities of conversion.

The final recommendations, due in 1972, are certain to touch off a hot debate on Capitol Hill.

Thomas Jefferson first suggested that we adopt the metric system, in 1791. The fledgling republic retained the weights and measures standards of its mother country, though it did adopt the decimal system for its money.

Now, Britain itself is in the process of changing over to metric, a shift its supporters say is proving far less painful than many had feared.

Those who advocate conversion by this country say we run the risk of being the only industrial nation not on the metric system. Already, nations with 90 per cent of the world's population and 75 per cent of its industrial production use the system—or plan to convert to it.

Opponents argue that the cost to business would be staggering, and that public confusion would hamper commercial activities for decades. The important thing about weights and measures, they say, is that they be based on standards accepted by all. We now have such a system, they add.

Those advocating conversion say the metric system is already in far greater use in this country than generally realized—in many areas of science and medicine and in a growing number of industrial plants serving overseas markets.

Public confusion can be avoided during the transition period, they say. How? By using the British plan for temporary "numerical bilingualism"—the listing of weights and measures in both the old and the new forms—plus an all-out education program.

Metric system advocates say that, once learned, it is far easier to work with because of its orderly progression, using the meter as a basic unit.

By contrast, they say, our system is archaic and illogical. Our yard, for example, was fixed a thousand years ago as the distance from the tip of the nose to the tip of a finger of the Anglo-Saxon King Edgar. (Since then, it's been officially fixed in this nonmetric country as 0.9144 meters.)

What do you think? Should the United States adopt the metric system of weights and measures?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Should we switch to meters and kilograms? ☐ Yes ☐ No

Comments:..

....

....

....

....

....

Name and title........................

Company...............................

SOUND OFF RESPONSE

VERDICT AGAINST LIFE TERMS

A resounding "Yes" is the answer NATION'S BUSINESS readers give when asked whether limits should be placed on the terms of Supreme Court Justices.

A mandatory retirement age, fixed terms or some other method of setting a cutoff point on court service was favored more than 10 to one in a heavy response to last month's "Sound Off to the Editor" question.

In asking "Should we limit Supreme Court terms?" NATION'S BUSINESS pointed out that, short of conduct warranting impeachment, federal judges have life tenure and answer to no one for their actions. Critics say this leads them into decisions far removed from the realities of the day-to-day life of most of the nation.

Readers registered opposition to life terms for a variety of reasons, but these answers were typical of their main themes:

"We are forcing people to retire from industry at 65," wrote J. H. Morgan, maintenance superintendent for the PPG Industries industrial chemical division at Lake Charles, La. "There is no reason to allow people in our government to exceed this."

"No one should have a lifetime job in politics," was the succinct comment from Evelyn E. Adams, administrator of the Sherman Rest Home, Milwaukee, Wisc.

Those who urged retention of life tenure, which was specified by the Founding Fathers, generally expressed concern that a change would jeopardize the court's role as co-equal with the Executive branch and Congress.

Arthur R. Cahill, vice president for finance, the Brunswick Corp., Chicago, wrote that "the lifetime appointment frees the Justice from a substantial amount of outside pressure" and prevents the court from becoming "an appendage of Congress."

Much of the opposition to lifetime appointments stemmed from disagreement with Supreme Court decisions over the past two decades in such areas as civil unrest, police conduct toward criminal defendants and school prayer.

Gerald R. Houseman, president of Handling Services, Inc., Marne, Mich., wrote:

"The terms should be limited by both time and age. The present lifetime term is bound to create a certain complacency and disregard for public interest and/or public opinion on the part of the Justices.

"A great deal of the responsibility for our present chaotic society must be placed either directly or indirectly on the irresponsible decisions that have been made in recent years by an all too liberal and senile Supreme Court."

The younger generation also was heard from. At the Lawrence, Kans., high school, the "Sound Off" question was put to business law students, who voted 23–11 in favor of a cutoff point for Supreme Court service. A single term of 10 to 15 years received the most support.

While more than 90 per cent of older readers urging change called for a mandatory retirement age, there was disagreement among them over whether other limits should also be set on terms.

Most said that age should be the only criterion—that once appointed, a Justice should be sufficiently independent to serve without further accounting to the other branches of government until he reached mandatory retirement. The 65-70 age range was most frequently mentioned.

Others favored setting terms short of life for the Justices, as well as establishing a mandatory retirement age. This group was divided between those—a majority—who would have Justices come up for reappointment periodically so their records could be reviewed, and those who recommended a single term with no prospect of reappointment as one way to assure independence.

In favoring mandatory retirement, but not periodic reappointment, H. M. Eaton, vice president, secretary and chief counsel of ITT Terryphone Corp., Harrisburg, Pa., said he feared politics would become involved in any reconfirmation procedure.

He was among a number of readers mentioning Justice William O. Douglas, who was named to the court 31 years ago by President Franklin D. Roosevelt and who has often infuriated conservatives with his judicial views, as well as some of his off-the-bench activities.

"Although I would like to see Douglas retired because of his many remarks, which are certainly not becoming to a Supreme Court Justice, I do not think we should legislate or amend the Constitution because of one individual," Mr. Eaton said.

Others saw no basis for complaints that periodic reappraisal of Justices would hamper their work. William Morris, manager of the Credit Bureau of Humboldt, Tenn., expressed the view that "if these men are the right men for this position and serve our country and people in their best capacity and ability, they shouldn't be disturbed by knowing they will come up for reappointment."

Those who favored change but did not recommend a mandatory retirement age or fixed terms offered a variety of other suggestions. There was a scattering of support for popular election of Supreme Court Justices, for allowing a new President to name an entire new court, and for allowing Justices to remain on a year-to-year basis, subject to Presidential and/or Congressional approval, after reaching a certain age.

And there was a minority vote for applying to members of Congress any mandatory retirement age set for the Supreme Court.

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The Statehouses Go Modern

One after another, states are remodeling government procedures that stem from a less complex era

Many state legislators considered themselves just spectators when Congress passed the Medicare bill with great fanfare in 1965.

But in the same bill and given little attention at the time was what proved to be a fiscal time bomb for state governments—Medicaid.

That plan thrust on the states millions in new welfare expenditures to pay medical bills not only of needy families but, in many cases, of those in middle income brackets.

This experience, perhaps more than any other, brought home to many state officials and legislative leaders how necessary it is for them to keep close watch on doings in the national capital, to make their own judgments of the impact of proposed new programs and to be wary of soothing reassurances from the federal bureaucracy.

Thus far, 15 states have established "listening posts" in Washington, most of them since 1965. Others are planning to do so.

And such organizations as The Council of State Governments, The National Legislative Conference and The National Conference of State Legislative Leaders have intensified efforts to keep their respective members informed about what's happening in the capital.

A renewed sense of dealing with Washington as partners and not clients is one of many developments in a movement by states to reassert their roles as effective units of government.

State governments are taking a hard look at their structures and procedures, asking themselves if they are equal to the challenge of the complex problems of these final decades of the Twentieth Century.

For many, the answer has been that they are not. Reform is under way or planned in states in every part of the country.

The problems imposed by federal government actions are only part of the explanation for this ferment. Other problems facing states have grown increasingly complex: mushrooming suburbs and decaying cities, inadequate transportation, high crime, and soaring welfare rolls coupled with a shortage of trained manpower.

Many officials confess to a sense of helplessness in trying to operate a state government structure geared to a more simple, slower moving era.

Too much for Washington

And it has long been apparent that, despite illusions nurtured from the 1930's into the 60's, all solutions will not come from Washington.

Chicago businessman Robert E. Merriam, chairman of the Advisory Commission on Intergovernmental Relations, puts it this way:

"Our nation is too vast, too varied

ILLUSTRATION: JOHN [illegible]

and too complex to be run entirely from Washington. . . . Washington simply lacks the power, personnel and perspective to treat all the nation's ills."

Mr. Merriam's commission, a nonpartisan body with representation from all levels of government and the private sector, was established by Congress in 1959 to maintain a continuing review of intergovernment relationships and to make recommendations for improvements.

Businessmen are playing a major role in the drive for modernization of state government, acting individually or through such organizations as their state and local chambers of commerce.

In New Hampshire, one of the state's most prominent businessmen, Royden C. Sanders Jr., headed up the Citizens Task Force, which spent nine months drafting recommendations for overhauling the state government. General business interest in its work was evidenced by an overflow crowd of business leaders and chamber of commerce executives who assembled in Concord, the state capital, to hear what it had learned and proposed.

It found, among other things, that 93 separate state agencies report directly to the Governor, who does not even have such staff aides as a secretary and legal counsel. The task force recommended grouping state agencies into four broad areas, each headed by a deputy to the Governor. The posts of counsel, secretary and assistant for planning would be created in the Governor's office.

Talent on loan

The experience of Colorado is another good example of the way state officials are turning to the business community for know-how.

By 1968, Colorado's budget had reached $700 million and state government was the state's biggest business. Gov. John Love and legislative leaders, concerned about the rising costs, agreed to set up the "Committee on Government Efficiency and Economy."

In September, 1968, the Governor brought together the heads of the largest businesses in Colorado and asked them for the loan of what he recognized as "your most prized asset—management talent." Gov. Love

wanted the services of specialists in such areas as personnel, finance, data processing and purchasing.

The response was overwhelming. Eighty-three executives, loaned by more than 60 firms on a full-time basis for from 30 to 90 days, were quickly organized into task forces in specific areas. At the peak of the study, companies were contributing a total of $5,000 a day in executive time.

Of 18 members on a parent committee, 13 were business executives. It held 33 meetings, ranging from three to 10 hours each, in four months.

The end product was a series of 18 reports comprising 885 pages and listing 525 recommendations. They showed potential savings of millions of dollars a year and ways to at least slow increases that could not be avoided.

In the final report, Chairman Otto P. Butterly, a partner in Price Waterhouse & Co., estimated that the committee and task force members had donated 21,000 man hours valued at more than $350,000. In addition, business contributed $6,000 toward expenses. The economy-minded panel was able to return to the state treasury more than $60,000 of its $150,000 budget.

On behalf of those who participated, Mr. Butterly asked for only one reward—"early, aggressive implementation of these recommendations." This, he said, "will provide a highly appreciated 'thank you' to the members of the committee, its task forces and the contributing companies."

Most proposals have been or will be implemented.

Reforms shape up

Meanwhile, Maryland has begun consolidation of its 256 executive agencies into 10 cabinet-level departments. Oregon has created a management agency that consolidates several departments, while Delaware has embarked on an overhaul that eventually will merge more than 130 agencies and commissions into a dozen cabinet-level departments.

Texas and Illinois also are among states gearing up on constitutional reform. A full-scale reorganization of Massachusetts' executive branch is under way. By April, 1971, a cabinet system of government, with nine sec-

When one Governor asked businesses for help in streamlining statehouse techniques, they donated managerial man hours worth a small fortune.

retaries heading up broad-based departments, will be in effect.

The emphasis is on a smaller number of large agencies, as opposed to the old pattern of scores or even hundreds of separate units, many with overlapping responsibilities.

There have been setbacks. New Mexico voters rejected proposed constitutional amendments that would have consolidated 300 boards into a 20-agency cabinet. Constitutional revision was beaten in New York when its proponents allowed it to become enmeshed in a bitter dispute over one amendment involving separation of church and state.

But the over-all trend is toward modernization and improvement. And the movement is not by any means confined to executive agencies. Legislatures are on the move, too.

In the forefront of that movement are The National Conference of State Legislative Leaders and The Citizens Conference on State Legislatures.

Legislative clearinghouse

The legislative leaders' conference joined with The Eagleton Institute of Politics at New Jersey's Rutgers University four years ago to form The Center for Legislative Service.

The center, located at Rutgers, is a clearinghouse for a wide range of information on activities in all 50 states and also is available to make a detailed analysis of any legislature and come up with recommendations for improvements.

Prof. Alan Rosenthal, the center's director, says: "Legislatures just have to develop a competence or the bureaucrats will make all the decisions."

Several states, notably California, Florida and Wisconsin, have made great strides, Prof. Rosenthal told NATION'S BUSINESS.

And he's optimistic about the overall future of state legislative bodies. "In the years ahead," he says, "legislatures probably will get better, not worse."

Echoing Mr. Merriam's view, the professor sees "a pervasive attitude among people that government has grown too big on the national level, that there must be more localism and decentralization." This, he says, "should give legislatures a larger role than ever before."

He points out that many restrictions under which legislatures operate were set in the late 1800's, when legislators achieved reputations for venality and corruption.

Thus, many state constitutions limit legislatures to meeting only once every two years, keep salaries and operating budgets at a minimum, prevent legislatures from calling themselves into special session, and otherwise seem to operate under the theory that the less time the lawmakers spend at work the better.

New Hampshire pays its legislators $200 year, the lowest rate in the country.

In Rhode Island, legislators get $5 a day for a maximum of 60 days. If the session goes beyond that, they don't even get the $5.

Rank-and-file members of Rhode Island's legislature have no office space of their own. They meet constituents and other visitors in hallways and lounges.

Annual sessions are required in fewer than half the states, and 33 set limits on how long their legislatures can meet.

Larry Margolis, executive director of the Citizens Conference on State Legislatures, says removal of such restrictions should be the first step toward legislative reform.

Removal per se won't guarantee improvements, he adds, but will provide "a freedom in which the legislature can operate."

Building up esteem

Prof. Rosenthal thinks one of the biggest roadblocks to legislative reform is that the lawmakers "too often don't take themselves terribly seriously." He explains: "They are so used to being ridiculed, to being held in low public esteem, that they come to believe it is the natural order of things."

An initial step will be taken toward improvement when legislators start to believe that "the legislature as an institution is important," he says.

Both Prof. Rosenthal and Mr. Margolis believe the press too frequently has sided with Governors not at all anxious to see stronger, more independent legislatures.

Getting across to the community the legislative point of view is an important part of any reform movement, they say.

Another thread running through reform proposals is a conviction that legislatures must have their own sources of information and technical advice—which generally means competent staffs.

Albert J. Abrams, secretary to the New York State Senate and a leading expert on legislative operations, is a champion of the cause of strong, independent legislatures.

He notes with approval the requirements in six states that the legislatures be notified of any contracts between the Governor's office and the federal government.

Too often, Mr. Abrams says, legislatures know little or nothing about such agreements until they are told to raise the money required.

While other present state listening posts in the nation's capital were established by executive branches and report to Governors, the New York Senate is experimenting with a Washington office of its own. The office provides "instant alerts" on Congressional developments affecting New York and channels pertinent information about federal agencies to the appropriate State Senate committees.

Mr. Abrams predicts this decade will see establishment in Washington of a full-time office supported by all state legislatures to notify them of matters of concern as they develop in Congress and the federal agencies.

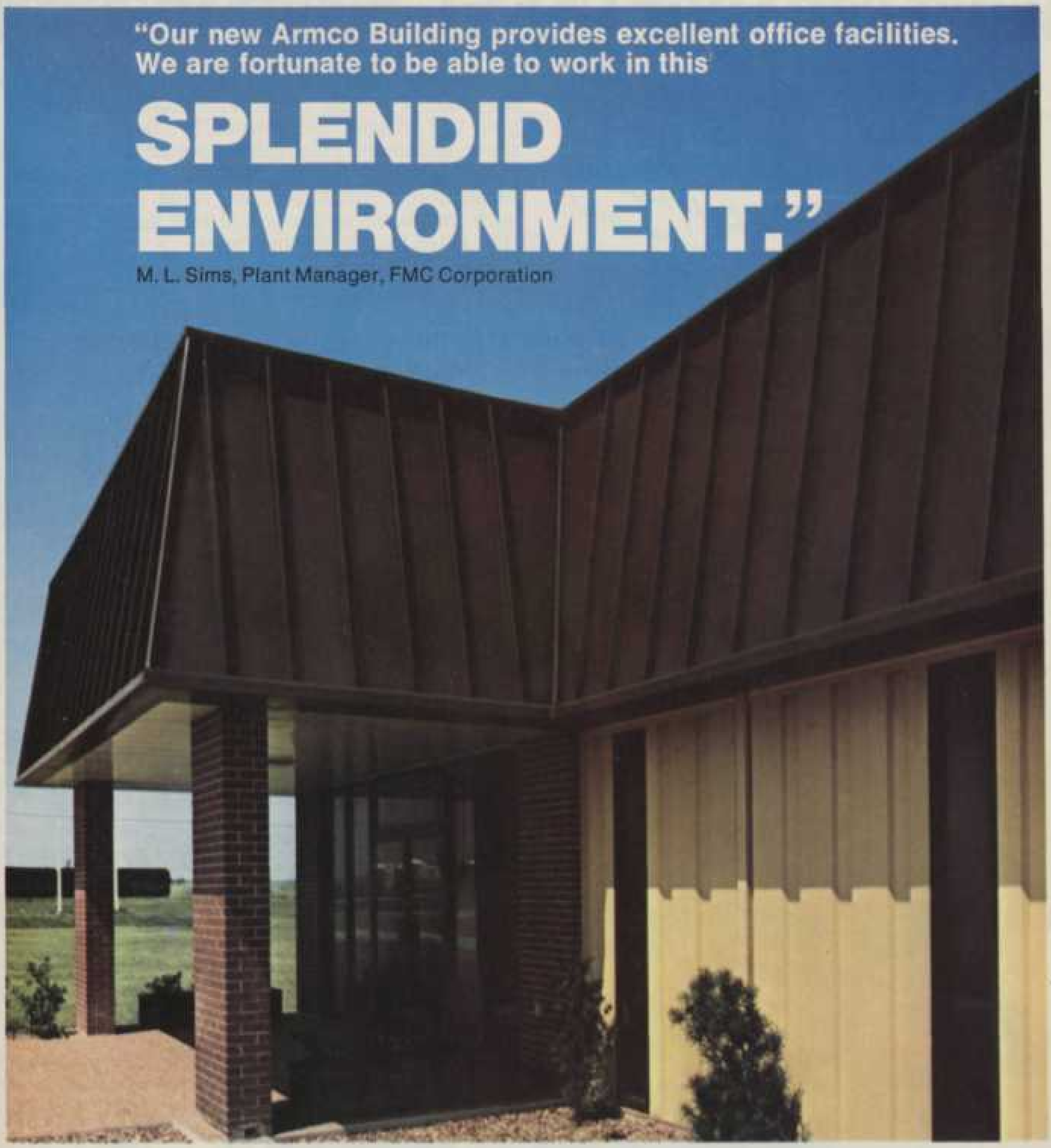
This might be a significant step toward solving the problem of improving state government. But obviously, it would be only one of many needed steps.

The problem's scope is evidenced by the fact that the recommendations of the Advisory Commission on Intergovernmental Relations for strengthening state and local governments run to 500 pages.

Commission Chairman Merriam, in announcing publication of those recommendations, set forth the basic challenge:

"The states are keystone of our federal system. But if they are to play the crucial role envisioned for them by the founders of this nation, they must equip themselves with the necessary fiscal and organizational tools."

END



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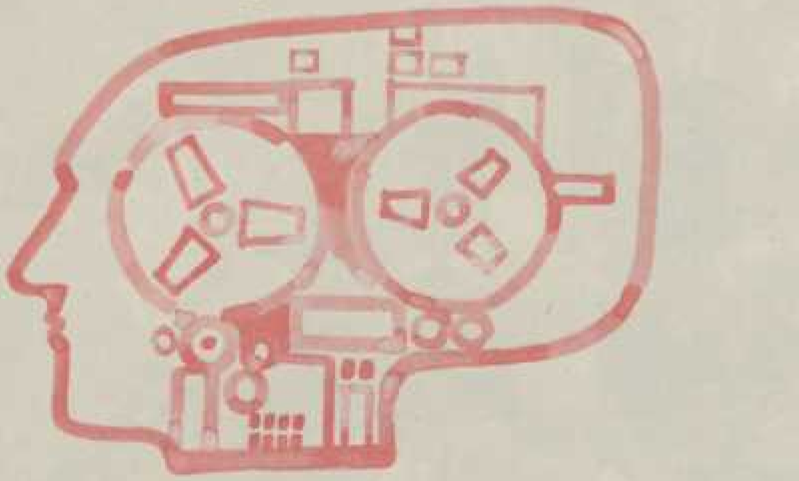

✓YES	NO
YES	✓NO
YES	✓NO
✓YES	NO

Basically that's the way a computer operates—as if it were running down a check list. It considers one item at a time in a yes-no, do-or-don't manner, depending on the programing.

The way the computer works suggests a technique useful to man in thinking and remembering.

Everyone is familiar with the "countdown" or check list made during launching of a space rocket. This countdown indicates a whole series of instruments and systems have been checked and are ready to "go."

Many prominent executives make a check list of the things they want to be sure to accomplish each day, in a priority order.

In years past, check-listing was considered a very minor and insignificant aspect of thinking, since it merely provides viable data with which reasoning can be done. However, use of the binary number system in programing computers has called for a new thoroughness of analysis and brought check lists into prominence.

The technique is familiar enough. Suppose you have returned from a long trip and your automobile needs a thorough going over. You make a list of the things you want done: Change the oil, lubricate it, pack the front wheel bearings and so on. You could keep this list for future reference, even checking it with a mechanic to make sure it is complete. You could rearrange the items into the most efficient order, possibly alphabetical, possibly in order of importance.

A "home base"

You now have a list that resembles computer programing, where every individual item has its "home base." Any item can be called up at any time and examined. For example, Item 10-B: Adjust headlights.

A computer would hold this list in its memory for repeated use. You can remember it, too, if you use it frequently enough or if it is sufficiently important. The permanent listing gives a structure that supports the memory. If not used often, the list can be typed and hung on the wall for reference.

The next time you use it, you won't have to rethink the check list. It will be all ready for a countdown as you go over each item on the list to decide "do or don't do."

Such check lists can be of enormous advantage in all kinds of work.

A workman provided with a check list of his duties can improve his efficiency beyond his unaided limit. Even an executive should have a list of his responsibilities, so he occasionally can be reminded of the various things he should do. It would prevent such complaints as: "I worked for him for 10 years and he never gave me one word of approval or encouragement."

The businessman who has an inventory check list and marks each item each time it is ordered will soon have information of great value in the economical operation of his business.

A universal check list for help in solving unexpected problems might seem at first to be a contradiction, since such lists usually are made for specific situations and are not transferrable.

But universal check lists have been attempted and with good results.

Greeks had words for it

The first attempt was by Aristotle, who believed everything in the universe could be assigned to one or another of 10 descriptive categories: Substance, quality, quantity (as in, "I am taller than you"), relation, place, time, present circumstance, permanent state, activity, passivity.

A modern universal check list can be very useful and easy to remember.

Begin with the necessity for everything to exist in time and space. Follow with the necessity of the item to be a thing, person or idea, and you have a universal check list with five characteristics: Time, place, things, persons and ideas.

Each category can be analyzed.

Time always involves duration as well as cause and effect. Place involves distance as well as whole and part. Things are similar or contrasting and have value and price. People always have motives and histories. Ideas may be single or belong to systems, doctrines, propaganda.

Put in check list form, these categories can be carried easily in the mind:

Time: A) Duration. B) Cause and effect.

Place: A) Distance. B) Whole and part.

Things: A) Similarity and contrast. B) Value. C) Cost.

People: A) Individual. B) Doctrines and systems.

A little practice with these will put you in partnership with the computer. Before making a decision, examine each category and give it a yes-or-no, do-or-don't-do rating. It will make you a more careful thinker. END

DR. JAMES D. WEINLAND, *author of this article, is professor emeritus of business psychology, New York University.*

PHOTO: GEORGE TAMES

Dr. George Mueller, who's back in private industry now, called the Apollo Executive Group into being when he was NASA's chief of manned flight. He is proud of its contributions to a national effort.

The Moon Program's Business Brain Trust

The little-known story of the Apollo Executive Group, which for six years helped to keep our vastly difficult and dangerous space drive headed in the right direction

On the snow-swept night of Jan. 20, 1970, exactly six months after man first walked on the moon, a near-unique fraternity met in Washington for the last time. Its members came from California, Michigan, Texas, Florida, New York. The storm had cut their number but those who could had come to say goodbye.

Together, they represented one of the most powerful industrial teams ever formed—American Telephone & Telegraph, Boeing, General Motors, Philco-Ford, North American Rockwell, General Electric, IBM, United Aircraft, Chrysler and others.

When they first began meeting, America's dream of landing men on the moon seemed to be falling apart. These businessmen, working quietly, avoiding publicity, had done a lot to hold the dream together.

As top executives in companies whose products went into America's moon landing effort, they had been called upon to pool their technical and business know-how in the national interest. They had shared management techniques which otherwise might have been closely guarded, and had offered sage advice to the National Aeronautics and Space Administration, with resultant huge savings in costs.

Informally, the men who gathered at the Army and Navy Club for dinner that night have been described as the Apollo program quarterbacks, Apollo's board of directors, space troubleshooters. In the anonymity of government prose they were known simply as "the Apollo Executive Group."

The January meeting was both sentimental and *ex officio*.

Dr. George E. Mueller, who had called the group together in crisis six years before, was leaving NASA as its chief of manned space flight. And officially, he had disbanded the group just before Apollo 11 was launched the previous summer—its job was considered over once the landing of men

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EVERT CLARK, *author of this article, reports on space and other scientific developments for Newsweek magazine.*

Group members, leading figures in business, had many a problem to ponder, and gatherings involved more than just sitting down and discussing them. Dr. Wernher von Braun, one of the NASA officials who served in the group, is second from left in the foreground above. Dr. Mueller is third from left in the same row.

on the moon was assured, though it was subject to recall if the flight had not been the spectacular success that it was.

Dr. Mueller, now vice president of General Dynamics for programs and development, recalls the farewell meeting as "very moving." No one gave him a spent Saturn 5 rocket or a piece of the moon as a memento—but there were "some very nice words."

A tough, pragmatic man, Dr. Mueller cut his managerial teeth on the Atlas, Titan, Minuteman and Thor ballistic missile programs in the frenetic 1950's when he was a vice president of Space Technology Laboratories, Inc.

You'd expect him to describe a meeting of industrial vice presidents, presidents and board chairmen in managerial terms, and not as "moving." But the Apollo Executive Group meant a lot to him—and to the effort to get men on the moon.

"Without the group, there is no doubt in my mind that we would never have succeeded in getting to the moon within the budget, and almost certainly we would not have gotten it done on time," he says.

NASA was the top of the Apollo iceberg. But these men represented what Dr. Mueller once called "the other nine tenths or more of the organization that carried out the Apollo 11 mission—the great industrial team of fine contractors and subcontractors who supplied the brains and the muscles to build the equipment and fly it."

Apollo was committed to land men on the moon and return them to earth safely in less than nine years from its conception. NASA thought it might cost $20 billion—or as much as $40 billion. Several times it looked as if costs might reach the upper end of that range. And many times it looked as if the 1970 deadline might be missed. Yet the cost of Apollo through last summer's first landing was less than $22 billion—and that price included many of the rockets and manufacturing and launch facilities being used for current Apollo flights.

It is still 1970, and history does not yet know what to say about Apollo.

The close call for the three men on April's aborted moon landing mission points up once again that despite everything human brains and bravery can accomplish, ventures of Apollo's magnitude, complexity and novelty can't be expected to be 100 per cent successful. Much has had to be learned, and it has not always been learned the easy way.

Space planners who urged a moon program upon a young President in 1961 cautioned even then that it would be "the largest research and development project ever undertaken, in war or peace."

The nation caught the drama of President Kennedy's claim that no space project would be "more impressive to mankind." But not everyone heard his caveat: ". . . and none will be so difficult or expensive. . . ."

When Dr. Mueller took over the manned space flight job in September, 1963, he suddenly found himself deep in the irony of President Ken-

nedy's warning. Apollo, only two years old, was already in trouble.

"Congress had just cut the budget by $600 million," he says. "Webb [James E. Webb, then NASA administrator] had just fired his chief of manned space flight and Webb himself was about to get fired. [Actually, Mr. Webb stayed for five more years.]

"Apollo's future looked fairly dubious. And here I came, a sheep among all those nice people in Washington. There were so many problems. There was a radiation scare going about flying in space. The fear about the 100-foot deep layers of dust on the moon was going, too. All of the people who had ever had any criticisms about the space program were talking, and every fear known to human beings was being raised. My, it was an interesting time!"

Right to the top

Some of the nation's largest corporations, both in and out of the aerospace field, held Apollo contracts. Dr. Mueller decided he needed far more than their customary hardware and software products. He needed brainpower.

In a crucible of political, financial and managerial turmoil, the Apollo Executive Group was born.

"We had a rule," Dr. Mueller recalls, "that either the chief executive of a company came or nobody came. It was sort of a simple-minded rule, but the kind that gets the executive's attention."

Not every executive was pleased at first.

"They said, 'What kind of a cat is this that's calling *us* together?' Henry Ford showed up a few times, and other guys who wanted to understand the problem."

Once Dr. Mueller determined who directly controlled a company's Apollo operations—and once he was certain he had the backing of the Henry Fords—the leading executive was sometimes excused in favor of operating men. But the meetings continued to command the attendance of some corporate chiefs and many division presidents to the last. (A few men from the field of scientific education, and some NASA representatives beside Dr. Mueller, also served on the group.) The executive group's greatest contribution, Dr. Mueller says, was "ephemeral — understanding, communications, motivation."

J. Leland Atwood, who has just retired as president of North American Rockwell, says the irregular but crucial meetings gave each executive "a perspective that would have been nearly impossible to get any other way."

Almost every one of a Saturn rocket's five million parts must work perfectly if a lunar mission is to succeed. One company's failure can mean failure for all. And a delay in delivery of a 50-cent valve can postpone a flight.

"The manned landing was probably the world's biggest technical project, anyway, if not more than that," Mr. Atwood says. "Because of the interdependence, the meetings added a great deal. They made it fairly clear who had the responsibilities and the problems and what were the critical aspects.

"It was a question of gathering information for each company about where things stood—information about the planning of NASA's program control, the assessment of NASA's program people on the deficiencies and schedule shortcomings—in other words, the troubles, which were plenty. It was almost entirely communications."

The communicating, as other executives recall, involved swapping of knowledge about past successes and failures by firms that ordinarily were fierce competitors. "The overwhelming situation here was that it was a national effort," says one.

"You didn't get competition between companies as you would have if you were discussing proposals on a new program," says another.

Late in 1967 the four-year effort at high-level communication—and the work of 400,000 people—were rewarded. The first 36-story Saturn 5 flew (unmanned) with a precision that left the Apollo executives jubilant.

But each peak can be followed by a valley. The second unmanned Saturn 5 flight, in April, 1968, disclosed unexpected flaws in every major section of the launch vehicle.

This was more than the temporary reversal expected in testing any complex new flying machine. Men had been scheduled to ride the third Saturn 5. To be sure, they were to stay in the relative safety of an earth orbit. But could they now be committed to a ride on a rocket with one superlative success and one disappointing failure behind it?

Days that "shook Apollo"

By August of that year, NASA's planners thought they knew what had caused each of the second Saturn's problems. Pressured by a slipping schedule and reports that Russia was about to send men around the moon, they considered a throw of the celestial dice—putting men aboard the third flight. And if the rocket got the astronauts safely to an earth orbit, sending them on out to the moon to rehearse most of the steps leading to a lunar landing.

In what have been called "the 10 days that shook Apollo" (weekend meetings, transatlantic conference calls, tests of managerial fortitude) the decision was made.

"We weren't a decision-making body," Mr. Atwood says of the executives' group, "but our opinions were sought occasionally by the government decision-makers. They asked us before Apollo 8 whether we thought we were ready to try for the moon. They asked me first [his company made two thirds of the spacecraft, one stage of the rocket and most of Saturn's engines].

"I said, 'Well, look, this is what we all came to the party for, so let's go.' I guess if there had been some loud dissents, they wouldn't have gone. But the general opinion was the same, and of course Apollo 8 orbited the moon."

As far as Dr. Mueller knows, the Apollo group has had only one parallel. Once he felt he was getting the long-range Apollo program under control in late 1963, he turned his attention to Gemini—a program that was in even worse shape. Gemini was to fly even before Apollo. Its purpose was to stay in earth orbit but teach pilots the rendezvous and docking techniques essential for lunar landings.

But the first Gemini flight had fallen months behind schedule and contract costs were rising like a well-

A Roster of Service

The National Aeronautics and Space Administration lists these men from outside government as having served on the Apollo Executive Group:

William M. Allen
Chairman of the Board
The Boeing Co.

J. A. Anderson
Formerly with AC Spark Plug Division
General Motors Corp.

J. L. Atwood
President (Retired)
North American Rockwell Corp.

C. E. Beck
President and
Chief Executive Officer
AMBAC Industries, Inc.
Formerly with Philco-Ford

Dr. B. Paul Blasingame
General Manager, Milwaukee,
AC Electronic Division
General Motors Corp.

George M. Bunker
Chairman of the Board
Martin Marietta Corp.

Donald W. Douglas Jr.
Corporate Vice President—
Administration
McDonnell Douglas Corp.

L. J. Evans
President
Grumman Aerospace Corp.

Henry Ford II
Chairman of the Board and
Chief Executive Officer
Ford Motor Co.

William P. Gwinn
Chairman of the Board
United Aircraft Corp.

William C. Hittinger
President
General Instrument Corp.
Formerly with Bellcomm, Inc.,
an American Telephone &
Telegraph Co. subsidiary

Dr. John A. Hornbeck
President
Sandia Laboratories
Formerly, President, Bellcomm, Inc.

H. M. Horner
Chairman, Emeritus
United Aircraft Corp.

Richard Hough
Vice President
Long Lines Department
American Telephone & Telegraph Co.

Robert E. Hunter
Chairman of the Board and President
Philco-Ford Corp.

Dr. Howard Johnson
President
Massachusetts Institute
of Technology

Frederick R. Kappel
Chairman of the Board (Retired)
American Telephone & Telegraph Co.

Roger M. Kyes
Executive Vice President
General Motors Corp.

T. Vincent Learson
President
International Business
Machines Corp.

James S. McDonnell
Chairman of the Board and
Chief Executive Officer
McDonnell Douglas Corp.

Kenneth McKay
Vice President—Engineering
American Telephone & Telegraph Co.

Eugene J. McNeely
President (Retired)
American Telephone & Telegraph Co.

T. F. Morrow
Vice President
Defense-Space and Diversified
Products Group
Chrysler Corp.

Mark Morton
Vice President and Group Executive
Aerospace Group
Valley Forge Space
Technology Center
General Electric Co.

Hilliard Paige
Vice President and Group Executive
Information Systems Group
Valley Forge Space
Technology Center
General Electric Co.

Jack S. Parker
Vice Chairman and
Executive Vice President
General Electric Co.

J. Donald Rauth
President
Harvey Aluminum, Inc.

Dr. Ian M. Ross
President
Bellcomm, Inc.

Dr. J. A. Stratton
Chairman of the Board
Ford Foundation
Formerly with MIT

E. C. Towl
Chairman of the Board
Grumman Aerospace Corp.

Dr. Charles H. Townes
Department of Physics
University of California
at Berkeley

Lynn A. Townsend
Chairman of the Board
Chrysler Corp.

Thomas J. Watson Jr.
Chairman of the Board and
Chief Executive Officer
International Business
Machines Corp.

A. L. Williams
Chairman of the Executive Committee
International Business
Machines Corp.

Lysle A. Wood
Vice President, Customer
Requirements
The Boeing Co.

tuned rocket. The young and rapidly-growing space agency had badly under-estimated Gemini's complexity.

One of Dr. Mueller's steps toward a solution was to form a Gemini Executive Group. William B. Bergen was then president of the Aerospace Group division of the Martin Marietta Corp., which made Gemini's Titan II launching rocket. By the kind of coincidence that might take an able Ford executive to General Motors or vice versa, Mr. Bergen later headed North American Rockwell's Apollo division. He thus became the only nongovernment member to serve both executive groups.

"Basically, I take a dim view of committees," says Mr. Bergen. "Particularly high-powered ones, because the guys usually aren't close enough to the firing line. But I think these groups did a surprisingly good job. We all knew we had put our names on the line."

Ordeal by fire

One crisis in the lives of all those involved in Apollo came on the night of Jan. 27, 1967. Fire in a spacecraft at Cape Kennedy killed the three men who were to have tested the first Apollo command module—the pilots' cockpit and home for a lunar journey.

By another of those Apollo coincidences, the Gemini and Apollo executive groups had just ended their first and only joint meeting and were gathering for a dinner at Washington's International Club when Dr. Mueller received word of the fire. The dinner went ahead, but "in complete shock. I don't remember much about that evening," Dr. Mueller says.

Months of investigation revealed faults in workmanship, safety, planning—and management, both industrial and governmental. The challenge was greater than ever and lost time now had to be recovered.

Despite the tragedy, "the first months of my time at NASA were even more difficult than the fire and its aftermath," Dr. Mueller recalls.

"By the time the fire came we had an organization that was working together and we had established our credibility with Congress. The fire was more difficult in the personal sense, but in terms of program progress, we had established a strong enough basis in accomplishment that we could recover and move on." (By then Gemini had added 10 successful two-man flights to Mercury's six one-man flights.)

Thomas F. Morrow, a member of the Apollo Executive Group, agrees that surmounting difficulties posed by the fire—important though that was—was far from the key to the moon program's success. Nor, he says, was it the competition with Russia.

Mr. Morrow, group vice president for Chrysler Corp.'s Defense-Space & Diversified Products Group, says it was communications that unlocked doors which otherwise might have blocked the U. S. from getting to the moon when it did.

"The only way any of us learns is by mutual exchange," he says, "particularly in the technical field." Apollo was a case, he says, of government—"faced with a brute of a job"—calling its contractors together at its convenience to help solve intricate problems through an interchange of ideas and techniques.

"You see, you would do this if you just had one basic prime contractor instead of many," Mr. Morrow points out. "We do that every day in the automotive business. All of our subcontractors keep in touch with us because their success is our success, and vice versa."

Dr. Mueller is still impressed with the fact that Apollo landed men safely on the moon well within the Kennedy-set time limit and the eight-year-old budget estimates. He is frankly proud of the Gemini and Apollo executive groups. But he sees no black magic in what they did—only determined management in an urgent national effort.

"It was nothing but motivating people that caused these apparent miracles," he says.

Dr. Mueller does not feel that Apollo is the last chapter in manned space flight, by any means.

"Any time you want to go I'll deliver you men on Mars in 10 years," he says. Then he pauses and corrects himself. "I should say, 'NASA will deliver. . . .' It's not my job now."

But he concedes he probably would want a Mars Executive Group if the task fell to him. END

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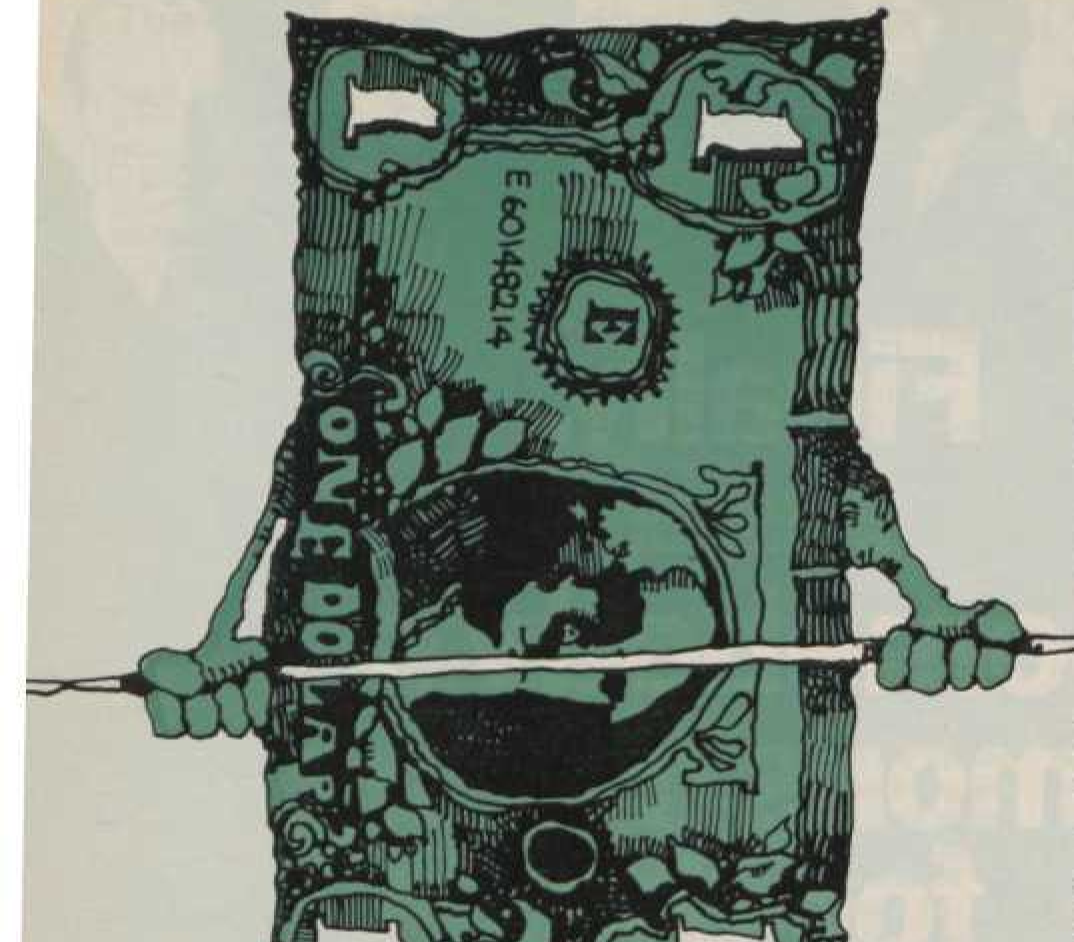


NEW GOLD CRISIS?

World monetary system emergencies, based on doubt about the value of the dollar, may not be a thing of the past

Suddenly, a few months ago, everyone began to say that the danger of another gold crisis was over, that the U. S. dollar had won its fight against the speculators, and that the world monetary system was entering a long period of stability.

Don't count on it. Although the authorities are nearly unanimous in saying this publicly, a number of experts are privately apprehensive. A few even feel the dollar's sternest tests lie just ahead.

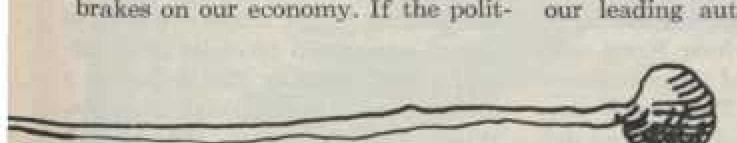
Every businessman has a major stake in this. To understand why, just recall the stock market's sudden declines a few years ago when the British pound had a series of crises.

The thought that a foreign currency might be devalued and somehow disturb the U. S. dollar led stock traders to sell, without knowing exactly why. Uncertainty is bad for business. When there is a lack of

confidence, people don't invest—or they invest only in very high return situations, which makes it hard for business to get capital at a sensible cost.

In a more precise way, you are affected because Washington's policies on government spending and tightness of money are strongly influenced by international conditions.

As long as the chance of a gold crisis is in the background, Washington will feel obliged to keep the brakes on our economy. If the political price of doing this became disastrously high, and if the President were to halt the fight against inflation too soon, it probably would be a sign that hope of saving the dollar had been abandoned. The ultimate devaluation move would be only a matter of time.



What has been happening to the U. S. dollar in this last year and a half or so when the fight has supposedly been won? The truth is that things have grown much worse.

The deficit in our foreign accounts, which was considered horrifying when it ran between $2 billion and $4 billion yearly, grew to more than $6 billion in 1969. And our trade performance, the immediate barometer of how one country's economy stacks up against others', has been very poor. Inflation at home has made it hard for our goods to sell well in foreign markets; and it has encouraged American retailers to buy a growing share of their products overseas.

Different sounds on the dollar

So we have lacked the handsome surplus we once earned on trade. Those earnings used to go at least part way toward paying for our foreign aid and military outlays and tourist spending abroad. Even the added outflow caused by American investments overseas was bearable. But now our net earnings from export sales barely cover the cost of our import buying.

Assistant Commerce Secretary Kenneth N. Davis Jr. has been one of the few high officials to warn aloud that the ominous trend is being taken too lightly. Most other Administration men have been displaying a confidence that some experts find hard to justify. The truth about a nation's money can easily be blurred for a while; most people cannot possibly get a clear picture of it. The fact is that governments even fool themselves on this subject.

The U. S. has two methods of computing its foreign accounts. And our leading authorities disagree on which set of numbers reflects our real condition.

One of the great figures in the world of international finance, looking at us with an outsider's objectivity, recently confided: "Both methods of calculating the U. S. balance of payments are distortions. By the so-called 'liquidity basis,' there was a huge deficit in 1969. But the 'official payments' way of figuring counts only the dollars that go into the hands of foreign *governments*. On this basis, the U. S. actually had a surplus in 1969. That is nonsense, because private citizens who get hold of dollars can turn them in to their central banks at any time, and then they instantly become claims on the U. S. Treasury."

Each foreign government has a rule of thumb about what proportion of dollars and gold it will hold, this expert explains. When it finds itself with too many dollars on hand, it normally presents them to the United States and asks for gold.

That this has not happened before now results mainly from a bizarre situation with no close parallel in monetary history: Heavy borrowing in Europe by U. S. banks to cope with tight money problems at home.

In order to keep their reserves up to par while continuing to serve their best customers with loans, our big banks began to borrow dollars in Europe wherever they could find them. These are called Eurodollars—meaning only that they are dollars on deposit abroad. The demand for them was so brisk last year that 12 per cent interest was sometimes paid to borrow Eurodollars for short terms. At that point, anyone owning dollars abroad would be likely to earn the lucrative interest with them, rather than turn them in to his central bank.

In fact, some central banks even converted their own dollar holdings into Eurodollars and reveled in the high earnings.

"But this situation cannot go on forever," International Monetary Fund head Pierre-Paul Schweitzer has said repeatedly. "The world's richest nation cannot indefinitely be a borrower of capital."

Adds another authority:

"The real significance of the Eurodollar phenomenon has been misunderstood. It is generally felt that this demand for dollars shows how highly regarded they are. But the high rate really indicates that foreign confidence in the dollar is so low that people are not willing to invest it at fixed interest rates unless those rates are exorbitant.

"Like the Brazilian cruzeiro or the Chilean peso—to take extreme examples—anyone who wants to borrow a dollar has to reward the lender with the promise of a fat profit that will offset the expected drop in buying power before it is repaid."

Paper promises

The ambassador of a major European country refers to this drop in purchasing power when he says:

"Imagine how uncomfortable our position is. We are asked to hold increasing quantities of your government's paper promises, and we see their value falling daily. It is not a question of whether the dollar *will be* devalued; it *is being* devalued every time your prices go up. And we cooperate and hold on to your currency only because we take seriously your President's promise to stop inflation."

By "stopping the inflation" foreigners mean slowing U. S. price increases to a rate no worse than the increases in Europe and Japan—which are our main competitors. But our inflation rate is well above Europe's average right now, and our labor unions show no sign of permit-

New Gold Crisis? *continued*

ting us to become more competitive.

"We have to steer a narrow course between two dangers," says a U. S. commercial banker who specializes in international finance.

"At one extreme is U. S. inflation. Political considerations or misjudgments may cause the U. S. economy to turn up again much too soon. The Federal Reserve Board may ease money too quickly. Congress may refuse to curb spending. Then the psychology of inflation, the expectation that things will always go up, up and up, will be reawakened. And European governments will lose all faith in the dollar.

"They would talk confidently, if at all, but they would be trying to turn in dollars to the U. S. and asking for gold—until President Nixon would have to refuse to swap any more. That would be like a devaluation. If the U. S. refused to accept its own dollars, no one else would want them at the present value. The free-market gold price would soar. And eventually, the devaluation would have to be made formal.

"The other extreme possibility is that the slowing of the U. S. economy might work too well. Companies with dwindling profits and excess capacity might stop thinking about expansion, no matter how much the government tried to stimulate the economy. Interest rates would come way down—including in Europe, where all those dollars would then pile up in the central banks.

"Fearing a really deep world-wide slump, some European governments might grab for the hardest kind of money they know—gold. And this, for reverse reasons, might force the U. S. to stop honoring its commitment."

Having your cake . . .

The popular view just now is that neither of these things will happen. Our government insists it can cool our economy at a pace that will neither plunge us into recession nor put us back on the road to wild inflation.

"Foreigners don't have to see us cut inflation down to 1 or 2 per cent in order to believe in the dollar," says a top American monetary official. "Just a steady veer in the right direction—shaving one half to 1 per cent off the recent rate of rise—would be enough to keep them cooperating. Don't overlook the greatest force that has kept them cooperating all these years—self-preservation.

"They dare not start a run on the dollar, because they all are dependent on the present system and don't want to destroy it. Nor do they want us to fight inflation so fiercely that we bring on a recession here. Because that would cut down the number of Volkswagens and Japanese shirts and Italian shoes and Hong Kong suits we can buy. It would mean recession or worse for them. That's why they held huge amounts of American dollars all through the Sixties, and why they'll keep on holding them as long as we show any semblance of reasonable restraint."

It certainly is true that the foreigners are torn between two desires. Some European central bankers estimated among themselves several months ago that the U. S. would have to keep its economy flat—with no growth—at least throughout 1970 and perhaps into the first half of 1971 in order to prevent the dollar from being considered a bad risk. But already some of the same men have begun to urge that the U. S. avoid a slowdown sharp enough to threaten Europe's prosperity.

This fear of either alternative may lead the foreigners to do nothing, giving us more time.

Time for what? Time to prepare the world for a smooth change in the dollar's value.

By 1974 or 1975, in the view of economic thinkers who advise some of our leading banks, Europe will have united enough to have its own currency unit, rivaling the dollar as a medium of international reserves. When that happens, the United States—if it appears that U. S. goods are overpriced—could devalue its currency in relation to Europe's unit without causing disruption.

The International Monetary Fund's new Special Drawing Rights plan does not change the fundamentals.

It has played a big part in creating the recent calm, but the reason seems to be more in the realm of public relations than of finance. Most people seem to assume that

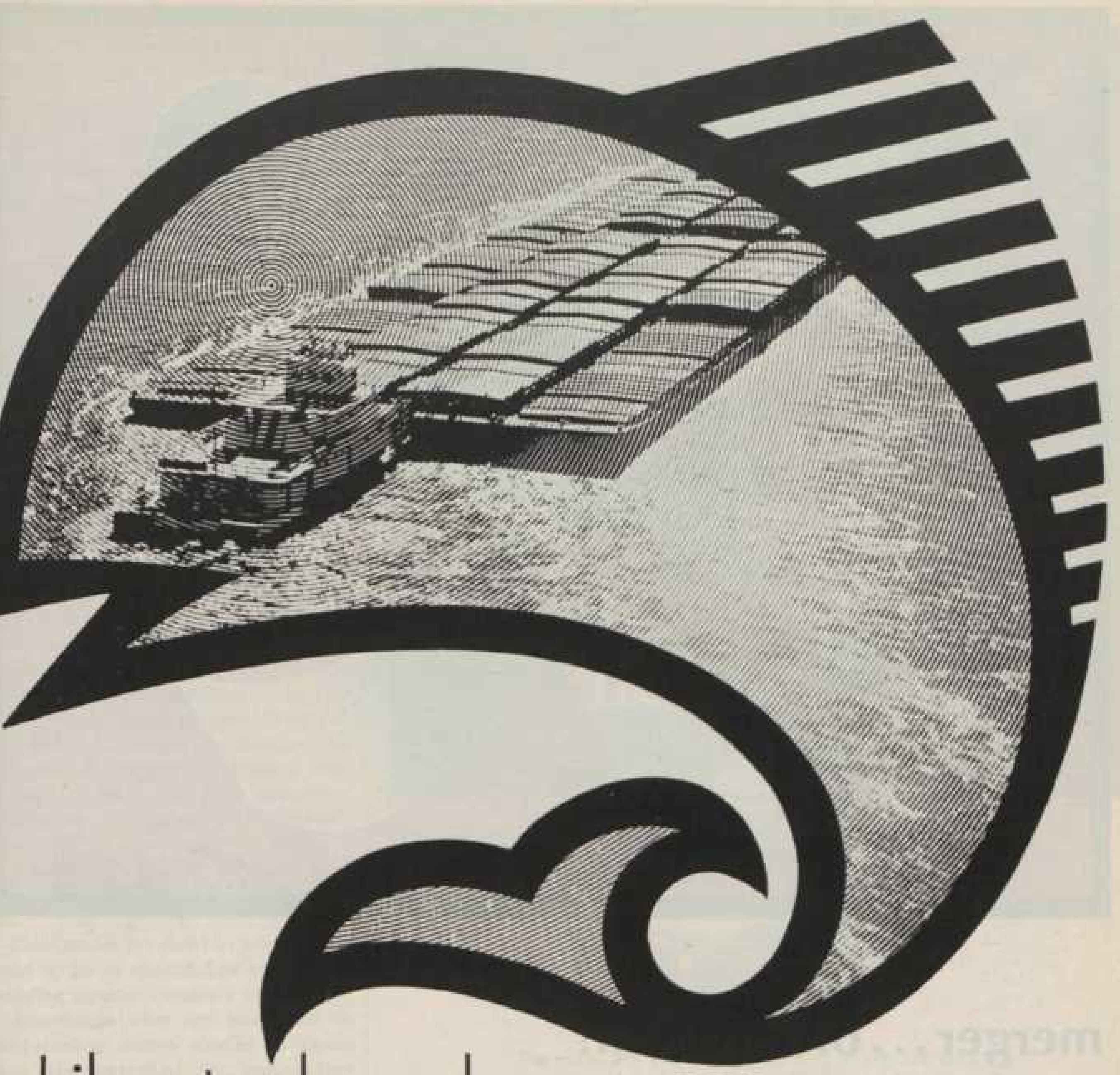
What's Your Non-Money Income?

What's your family income? Are you sure that's all of it? What about non-money income? According to a University of Michigan study, the non-money income the average American family earns is worth an estimated $4,000 a year.

You want to know where it comes from?

Well, mostly it's the value of housework and other "do-it-yourself" activities around the home.

It also includes the value of time spent on volunteer work or educational activities, the rental worth of owned homes and the value of transportation provided by the family car. The study was made by Ismail Abdel-Hamin Sirageldin of the university's survey research center.



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since this plan was finally put through after years of effort, the world has taken a truly huge step toward monetary security.

As good as gold?

The fact is that SDR's are just an ingenious credit device. Even their greatest proponents have said all along that they would not save any nation from the need to live within its means. They were proposed and developed with the understanding that the U. S. must put a stop to its deficits.

But SDR's—or "paper gold"—have not yet replaced real gold in the mind of man. They would not prevent speculators from bidding up the metal's price in the free market. This, too, has been kept down by high interest rates, which make it unattractive to keep money tied up for very long in an unproductive investment like gold. If interest rates fall and the dollar looks any shakier, the unique lure of an investment that cannot go down for long may very well start the gold price spiraling again.

The main thing is to know that this element of uncertainty does exist.

Companies involved in world trade need to be as watchful as ever about hedging against currency crises.

Americans who are interested in gold-mining shares should be aware that the potential for speculative gains still exists.

And all businessmen need to plan their moves with the knowledge that monetary storms could break out anew. The worrisome winds could come from Bonn, London, Rome, Paris or Tokyo, as well as from Washington.

The prudent assumption is that our government will keep its pledge and struggle to maintain the dollar's value, even at the risk of recession. That means extreme caution in personal investments or in business expansion. If the government's course is different there will be time to change personal courses and get in on any new round of inflation. Better to be a little late in getting on the escalator than to be caught on one that's headed the wrong way.

—CHARLES A. CERAMI

Tapping a Lode of Talent

Trade and professional associations are among the better sources of help for people who want to better themselves

Trade associations help spur broader training of the unemployed. This man is being trained for a job in a Hartford, Conn., scrap iron firm.

Not long ago Ruah Bates was out of a job and her prospect for finding one was dim. She was black, 41, and her reading ability was fourth grade level at best.

No one would expect to find her working in New York's financial district today. But she is. Mrs. Bates is a stock clerk in a Manhattan brokerage firm and earns up to $150 a week, with overtime.

In Oakland, Calif., the Bay Area Grocers Association runs a make-believe store to train the hard core unemployed. Trainees not only learn how to check out groceries but are sharpening up their math and reading, and learning the finer points of meeting and dealing with the public.

In the Chicago area, some 2,000 railroad employees are going back to school so they can better themselves on the job.

These are some of the positive programs scores of trade and professional associations across the country are sponsoring in order to help solve social and economic problems plaguing most of our urban centers.

These associations, representing a rich source of business and professional talent, are becoming more and more involved in this kind of activity, not only as a contribution to society but because it is good business to do so.

A survey of member associations by the Chamber of Commerce of the United States also shows they are active in such fields as pollution, transportation, crime prevention and consumer relations, to name a few.

In the area of job training and kindred inner city problems many associations are working under contract with the federal government—a form of creative partnership between government and private industry which President Nixon has urged.

Ruah Bates got her Wall Street job under one such government-industry arrangement. The Association of Stock Exchange Firms helped plan a program under which the Newark (N. J.) Manpower Training Skills Center has been turning out sought-after clerical help for New York brokerage firms.

Leon T. Kendall, association president, predicts that Puerto Ricans and Negroes will make up 50 per cent of Wall Street's labor force within a decade. Many will be drawn from high unemployment centers across the Hudson River in New Jersey.

The adult education classes attracting railroad workers in Chicago got under way last August with support from the federal government, railroad management and labor.

Great potential

Thomas M. Goodfellow, president of the Association of American Railroads, calls the program "an outstanding example of how the cooperation of management, labor and government can keep the railroads moving ahead by tapping the great potential of our human resources—America's 600,000 railroad employees."

Says George E. Leighty, chairman of the Railway Labor Executives' Association: "Because of this program, these men and women will be fitted with basic skills and knowledge that may help them get and hold better jobs, may improve their feelings of economic security and may raise their self-esteem."

The Associated Industries of Massachusetts works closely with its members in developing job training programs for the disadvantaged. It also keeps them informed on proven training methods and helps them obtain the cooperation of community

Tapping a Lode of Talent *continued*

organizations and various government agencies involved in job training and placement.

An apprenticeship school for carpenters, plumbers and electrical workers has been established by the Yankee Chapter of the Associated Builders and Contractors in Keene, N. H. During a four-year apprenticeship program, trainees are placed on an association member's payroll and given a chance to become qualified journeymen in their trade.

A similar training course has been instituted by the association's Baltimore Metropolitan Chapter.

The Contracting Plasterers' Association of Southern California and six local plasterers' unions jointly administer a program of promoting the plastering craft among high school students and at military separation centers. An extra effort is made to recruit apprentices among minority group members.

Working with a U. S. Department of Labor grant, the Illinois Automotive Trade Association is training 250 mechanics, auto body men and parts clerks. Two thirds of them are regarded as "disadvantaged" by the Illinois State Employment Service.

Similar apprenticeship programs are conducted or coordinated by the Master Builders of Iowa, the Michigan Automobile Dealers Association and the New Jersey Motor Truck Association.

In Houston, Texas, a laborer became a plant superintendent. A high school dropout in Pensacola, Fla., who completed a basic education course, is shopping around for a college. Both are products of an on-the-job training program run by the Institute of Scrap Iron & Steel under federal contract.

"Before this program started most of our members did not recognize that formalized training had any merit in the scrap processing industry," says William S. Story, ISIS executive vice president. "Now, I think, they are coming to realize its value."

The program has been helpful in cutting down the industry's perennially high turnover rate.

A helping hand in prison

No one needs a helping hand more than the man about to be released from prison. The California Drycleaners Association works closely with correctional institutions all over the state in developing training programs in dry cleaning skills for inmates. When an inmate is released, the industry not only tries to place him in a job but continues an interest in his welfare.

The International Council of Shopping Centers offers scholarships so disadvantaged persons can attend institutes it conducts at various universities to train management personnel for shopping center posts.

In a program that affects spending, rather than earning, the National Consumer Finance Association provides educational material for schools, colleges and young homemaker groups, and has established a program of seminars for clergymen on basic family financial planning.

The American Marketing Association has assembled a Task Force on Social Concerns in which experts are studying the relationship between buyers and sellers in low-income areas. The Chicago chapter has launched "Operation Open Door" to help steer Negro applicants to decent jobs.

Many associations are deeply involved in searching for means to combat air, water and noise pollution. There is broad dissemination of their findings.

The paper industry has created a National Council for Air and Stream Improvement. Using industry products, the Acoustical and Insulating Materials Association has come up with specifications and tests in an effort to cut down on industrial noises. The Virginia Soft Drink Association provides manpower and money to the state and to local communities to help reduce street and highway litter.

Independence movement

In Seattle, Wash., recently, Eugene Hartwell opened the doors of his own tire shop, thanks to a Small Business Administration loan which the National Tire Dealers and Retreaders Association, Inc., helped him obtain. Mr. Hartwell, a Negro, was orphaned as a child. Not too long ago the chances of a person like him becoming an independent businessman were hardly regarded as encouraging.

The "Project Own" program sponsored by the tire dealers association is under way in seven cities. It is starting in 14 others, and interest has been indicated in 72 more.

Other associations also are active in promoting minority ownership of businesses. The Menswear Retailers of America, for example, has helped establish more than 40 men's stores in the past 18 months. Not only does MRA assist in arranging financing for such businesses, but it supplies special training in store design, site selection and stock purchasing.

Few businesses are immune to crime, and associations have been active in crime prevention and control programs.

The Pennsylvania Motor Truck Association's Philadelphia chapter, for example, developed an alert system to help police spot hijacked vehicles, and also has a program to help prevent thefts from its members.

It emphasizes, though, that it is out to do battle not only with crimes that affect its members, but with "crimes that affect everyone." END

LESSONS
OF
LEADERSHIP

PART LX

F. Ritter Shumway of Sybron Corp.

The new president of the Chamber of Commerce of the United States discusses business and the pursuit of a fuller life

F. Ritter Shumway doesn't fit the one-dimensional, everything-for-profit mold in which some people put the American businessman.

True, as chairman of the board and chief executive of Sybron Corp., he heads a fast-growing, international company.

But it is a company operated with social as well as financial benefits in mind.

And in his personal life, this tall, ramrod-straight former Presbyterian minister combines a zest for unique self-accomplishment—he charts unexplored waters of northeastern Georgian Bay and northern Lake Huron, and he's a perennial ice dancing champion—with a deep sense of civic responsibility.

Mr. Shumway, 64, is the newly elected president of the Chamber of Commerce of the United States.

In that position, he hopes to reinforce trends that make "businessmen realize more clearly that they do not live in a vacuum but in a society, and that the success of business depends on the environment—the total environment, social as well as physical."

Mr. Shumway, whose concern for the future undoubtedly is influenced by the fact that he has 15 grandchildren, is convinced that businessmen are becoming more aware of a responsibility to involve themselves in attempts to solve social problems that beset the nation.

In an interview at Sybron's Rochester, N. Y., headquarters with a NATION'S BUSINESS editor, Mr. Shumway talks about his company, his life and what he hopes to accomplish as president of the National Chamber.

Mr. Shumway, just what is Sybron Corp.?

Sybron is the outgrowth of a merger in 1965 of Ritter Corp. and Pfaudler Permutit, Inc. When they first came together, they were called Ritter Pfaudler. Each had about $65 million in sales. Ritter manufactured dental, medical and hospital equipment and supplies. Pfaudler Permutit made glassed-steel equipment used in processing chemicals, drugs and food, and equipment used in the field of water treatment.

In 1968, Taylor Instrument Companies merged into Ritter Pfaudler and we changed our name to Sybron Corp.

And you have grown?

Yes, our sales last year were at $300 million compared to about $130 million when Ritter and Pfaudler merged in 1965. We like to compare our growth to a game of scrabble. As we add new products and acquire companies, they tie together products and related markets in which we are already involved. For example, one of our first acquisitions in 1966 was Nalge Co. here in Rochester.

It manufactures plastic laboratory ware, a product completely new to

Lessons of Leadership: F. Ritter Shumway *continued*

Ice dancing champion F. Ritter Shumway, with his current partner, Mrs. Elizabeth Stroukoff of Bellesville, N. J., gets in a practice session at the Skating Club of New York.

An executive these days spends a lot of time traveling . . . and has to catch up on his reading when and where he can.

us. But we had connections with the laboratory market through a number of our other divisions.

The Barnstead Co. in Boston is another typical example. Its equipment for producing distilled water of very high purity is used in market areas we already serve such as the medical and hospital fields, laboratories, industry.

We now work in six product areas—health products, instrumentation, process equipment, specialty chemicals, water and waste treatment equipment and laboratory products. And they interrelate.

For example, as I have said, pure water is important in hospitals, laboratories and certain industrial processes such as the manufacture of transistors; and instrumentation is required in the medical field, in industry and so forth.

So you are sort of an in-house conglomerate.

Yes, you might say that. But we don't believe we are a conglomerate in the way that the word is usually used. Except for the Ritter and Pfaudler merger in which there was no connection between our product lines and markets, all of our subsequent growth attributable to mergers and acquisitions has been a logical extension of our activity in fields that have some relation or connection with those which we were already serving.

As I have said, like a game of scrabble, we have been building outward from our established bases.

I understand there is quite a story in how you settled on the name Sybron.

Yes. We had felt for some time that the Ritter and Pfaudler names were not the best for two reasons: They identified the corporation too closely with only two of our product lines and Pfaudler is a very difficult name to pronounce or spell.

So we set about trying to find a new, neutral name. We started by asking a computer to give us all of the five-letter and six-letter combinations it could, using certain letters of the alphabet. We got about 250,000 combinations. Well, we quickly sorted this down to about 50 and then eliminated down to seven and then to two.

We took these two to the Berlitz school to see if either presented problems in any foreign language. We found that one of them, Roboron, when broken down in Spanish meant "I steal rum." We didn't think that was quite appropriate, so we got down to Sybron.

It projected the idea of something

Mr. Shumway and his wife, Hettie, were honored with the 1967 civic award of the Rochester Rotary Club. They were only the second husband and wife to receive the award since its inception in 1935.

that is progressive, modern, scientific, engineered—which is a very broad description of our products. And it had no bad connotations in any language.

Sybron operates about 50 decentralized divisions. Why do you believe so strongly in decentralization?

We think there is no real substitute for the ingenuity and progressiveness of the individual entrepreneur, the business operator. And we think we can attain the best results by giving each operating unit its own head and making it its own profit center.

You have said Sybron is operated toward achieving a more socially conscious world civilization. What did you mean?

As a business, we recognize that our first obligation to shareholders, our employees and to the kind of society in which we live is to make a reasonable profit. But beyond that and basic to our philosophy as a business is our hope that through the products we make, and through involvement of our people in organizations that are working on solutions to the problems of the social and physical environment, we will make a genuine contribution to improving the quality of man's life.

For example, our dental, medical and hospital equipment contribute significantly to better health for our nation and for the world. In the chemical and food processing industries, we think our products also make for better living and a fuller life.

Then there is the equipment we make for laboratories and the equipment for treatment of water and waste. And I should mention specialty chemicals manufactured by a number of our divisions. One of these, Gamlen, makes a chemical used on oil spills, of which we have had too many recently. Put on the sea water, it breaks up the oil and emulsifies it so it will not have the damaging effect it would have if left alone.

Gamlen supplied much of the chemicals used on the spill when the Torrey Canyon went aground off England two years ago. It also makes booms for putting around a ship in harbor, so that an accidental spill there will be contained.

You have been keenly interested in the subject of pollution. What is business's role in our ecology?

I think business has a grave responsibility to abate pollution. The problem is the cost. Of course, in some cases, the technology for abating all of the pollution has not been developed. But in most cases, pollution can be abated. Up until now, a company may not have been able to do the job it would like to do, simply because it would add substantially to the costs.

Now, because of such great public interest, I hope and believe that the public will be willing to pay the cost of abating pollution. If all companies are required to do the same abatement, those who have not been doing it in the past and have thereby maintained an edge by lower costs will be caught and will be required to install the control equipment. Thus all companies will be placed at a new starting point on an equal plane.

American ingenuity will then, I believe, go to work more intensely through research and engineering to develop new and less costly means to abate pollution, so that those who are successful in this area will have an edge on their competitors through lower costs. That's how our private enterprise, competitive system works.

Does our concern for the environment mean we will have to seek substitute ways, say, for generating power?

No, I don't think so. The smoke from a conventional coal-burning plant can be controlled and the technology for doing this has existed for many years. The only problem is that it is expensive, and eventually these costs must be reflected in rates.

Nuclear plants have a problem of thermal pollution because they discharge water used in cooling at much greater volume than do conventional steam plants. But I think we will find nuclear plants can be installed that won't damage the ecology in discharging water.

Will ending pollution be a quick, easy job?

No. This is one of the greatest problems we face in our society. We want instant everything. We want instant credit, instant learning. Instant everything. The human mind and the whole organization of our world is such that this just cannot happen. It is great to say that we want pollution abatement, because if we want it badly enough, eventually we will get it. But it is going to take time and it is going to cost money.

As president of the Chamber of Commerce of the United States, what are your goals?

I want to continue the trends that have been developing in the past few years in the Chamber of Commerce movement, not only nationally but in the states and locally, for businessmen to realize more clearly that they do not live in a vacuum.

Businessmen do not live unto themselves, but in a society, and the suc-

Mr. and Mrs. Shumway spend many pleasant hours on his boat, the Flying Gull. He is a former U. S. Power Squadrons commander.

cess of business depends on the total environment, social as well as physical.

I hope to push vigorously this trend toward having business more involved in bringing about the social changes that will make for a fuller and better life for all citizens of our country.

In this vein, should businessmen try to participate even more—within their communities, in government posts, wherever they can?

Indeed they must. And just giving dollars is not enough.

I think, of course, it is essential that business put its dollars where its mouth is on this sort of thing. But equally—if not more—important are the brains, the organizing ability, the administrative ability of the successful businessman.

These talents must be applied to our problems and businessmen must be involved at any level where they have the talents, whether that be in government or in other organizations for developing solutions to the problems that face our whole nation.

What do you think is the proper role for business in government?

I think business should have a voice in advising government on the practicalities of programs that government suggests. Business people should also serve when and where called upon in government.

The businessman is vitally interested in the fight to curb inflation. What are your views?

Business can do a great deal in the field of inflation, but it can only do so with the help of government. One of the most serious kinds of inflation is the cost-push type. This is the basic inflation we are having today.

Immediately after World War II, there was some inflation, but it was the demand-pull type of inflation. That has been pretty well taken care of by building sufficient productive facilities. But the cost-push type of inflation is very much with us.

When you see labor settlements going to the extremes that we have seen recently, particularly in the building trades, or in the tugboat situation in New York City where the union turned down a 43 per cent settlement, you know this type of cost pressure has to be reflected in price increases. If it isn't, the businessman can't stay in business.

Obviously, in my opinion profit is not a dirty word. Profit is an essential to our economic system. If we didn't have profit, we wouldn't have the great affluence and the great country that we have.

If wage costs go up, prices are bound to go up to the extent that they cannot be compensated for by increases in productivity.

There has been a great deal of discussion about labor law reform. What are your views on this?

I think the time has come when there should be a greater balancing of the scales between labor and management. Until the Wagner Act was passed, there certainly was an imbalance in favor of management. Over the years, the balance has changed, and it is now heavily weighted in favor of labor. And management stands helpless before the demands of labor, as witnessed by the settlements that have been made recently.

In the field of strikes by public employees, it would seem to me that somewhere we should have the wisdom to find a way of settling these disputes without resort to force. A strike is force.

You were graduated from Princeton?

Yes. I received my A.B. in 1928.

And then went to Oxford?

Yes.

What did you study there?

I studied divinity.

Really?

Yes. I took the degree at Oxford in divinity and was later ordained as a Presbyterian minister. I was only in that position for a short while when circumstances arose in the family business, Ritter Corp., which made it clear that I had a great responsibility there. I felt that I could only discharge it by getting involved in the business myself. I did and I feel that this was my way of being called to make a contribution to our total society, to our community.

You followed in your grandfather's and your father's footsteps in running Ritter, didn't you?

Yes, and my mother's. She was president and chief operating officer for many years.

Had you accepted a church after your ordination?

I was an assistant pastor in Larchmont, N. Y., for two years.

You are an ice dancing champion. When did you get started in that field?

Florida

DEPARTMENT OF COMMERCE
107 WEST GAINES STREET
TALLAHASSEE, FLORIDA 32304

I learned to skate as a boy on the eastern wide waters of the Erie Canal here in Rochester and I played a little class hockey at prep school. After I came back to Rochester in 1934, I skated at an outdoor rink. Someone had installed a music system and I found I really enjoyed skating to music.

But it was not until I went to see the Ice Follies in 1939 on a business trip to New York, and saw ice dancing for the first time, that I decided that it was what I wanted to do.

I came back to Rochester, and bought a pair of figure skates. I immediately went out and fell and broke two fingers, and that ended my skating for that season.

It was not until I joined the Skating Club of New York in 1947, however, that I became intensely interested and started to move ahead under real professional instruction.

And you have won more than a dozen North Atlantic and Eastern Veterans Ice Dancing titles?

Yes, with several different partners. You're a "veteran" in this competition if you are over 35; in other sports, it would be called a seniors competition. I have also served as president of the United States Figure Skating Association.

Does your wife skate?

No. She is one of the few people in the world who genuinely have weak ankles. She had to have an operation some years ago to strengthen her ankle. Most people say they have weak ankles when they skate only because the boots that they have are too large and don't fit properly.

Skating seems to have kept you in magnificent physical condition.

It is a great thing to have a hobby like this, because when I do get to the rink to skate, I forget all of my business cares and everything else. It is wonderful from that point of view. And, physically, the exercise is great. I often go to the rink at noon and skate instead of having lunch.

Every executive seems to have his own recipe for coping with the pressures of his work. This seems to be yours.

I remember slipping into a luncheon late, one day, and saying to the person next to me, "Don't tell my stockholders, but I've been skating." He said, "Well, I think your stockholders would appreciate the fact that you take time to do your thing, whatever it is, to keep you in good shape. You can serve the stockholders better if you are in good physical condition."

You do a lot of traveling. Do you ever rent skates?

Oh, no. But I often take my skates with me. That extra briefcase that looks as if I'm carrying an enormous lot of papers, that's really my skates.

Do you have any other hobbies beside skating?

Yes. I've had a lifelong interest in boating. As a boy, I learned to sail on the St. Lawrence River in a St. Lawrence skiff with a homemade sail and without benefit of rudder, centerboard or leeboards. In 1934, I became interested in the United States Power Squadrons—they're an educational organization for boatmen.

I served as chief commander for the United States in 1948 and '49, and I am still active on their finance and other committees.

In boating itself, I have been greatly interested in the past few years in charting the coves and inlets of the northeastern area of Georgian Bay and northern Lake Huron. This is where Champlain was the first white man to see the Great Lakes, and where, oddly enough, there are still many uncharted areas. I report my findings to the Great Lakes Cruising Club, of which I am an officer, for publication in their Log Book.

You came back to join the family business and made a rousing success of it. What problems does an executive face today that weren't there when you started?

Well, of course, there have been all kinds of governmental restrictions placed on business. And the record-keeping alone is just tremendous.

What would you say is the number one problem facing business today?

From the strictly business point of view, the biggest problem is inflation.

How about some of the other problems? Crime, for instance.

I think one of the most serious aspects of this is organized crime infiltrating business. The businessman has a real responsibility here to see that the numbers rackets don't operate through his establishment, because much of the financial support of organized crime comes from this type of gambling by employees.

He should be concerned, too, that there is good administration of justice at a local level, that law enforcement agencies are properly supported. He should never even ask to have a politician fix his traffic ticket if he happens to get one.

What about manpower? Is youth going to come off the college campus and go into business?

I think it will. Someone once said if a person is not liberal in his views before he's 21, there is something wrong with his heart, and if he is after he is 21, there is something wrong with his head. This doesn't follow 100 per cent, but I think that as students mature after graduation, and out of economic necessity become involved in business, many of their attitudes will change.

You said that as president of the Chamber you hope to continue the trend of business participation in solving social problems. Is the businessman today more aware of his responsibility in this area?

Oh, yes, definitely! I think the Chamber and other forces within our society have made him much more aware of these responsibilities.

Are you optimistic, then, that businessmen will participate?

Very much so. END

REPRINTS *of "Lessons of Leadership: Part LX—F. Ritter Shumway of Sybron Corp." may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.*

How Students See You Now

Not all collegians consider business an enemy, but many campus groups on the left and right, and even in between, most certainly do

PHOTOS: YOICHI OKAMOTO

There's an awkward period when students sit down with, and focus on, businessmen. Breaking the ice at Gettysburg College

A strange mixture of collegians gathered one recent weekend on the rain-soaked campus of the University of Southern California. They came from all over the land—members of the student intellectual elite of both the far left and the far right.

Some wore black-on-red "Anarchy!" buttons—and that didn't seem like youthful braggadocio. For just a few miles to the northwest lay the blackened skeleton of what three days before had been a bank building. It was the victim of arson during a mob demonstration by members of their generation.

The conference was called the "Left-Right Festival of Liberation." But the mood was hardly festive. Students, representing groups which once were deadly foes, sat side by side. They were searching solemnly for common goals and common enemies.

After two days of earnest "rapping," the students were still at odds on goals. But they locked arms against at least one mutual "enemy"—the businessman who deals with government.

The Festival might foretoken the character of college student movements throughout the 1970's. Busi-

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Associate Editor Walter Wingo, who wrote this article, visited a score of college campuses to find out why many students enter the 1970's with chips on their shoulders towards the American business Community.

nessmen are the target not only of a pincers from left and right, but also volleys from groups of middle-road students.

What seems to be eating students now?

Those from the radical left still mouth familiar Marxian complaints about business in general—how, they say, it exploits workers, generates war machines and converts "Third World" countries into economic colonies.

One difference today is that leftist student groups are relying less on campus violence. Apparently realizing that the vast majority of students have rejected them for their continual interferences, they are diverting energies to the outside.

The burning of the Bank of America's $275,000 Isla Vista branch in California and the bombings of corporation offices in Manhattan fit the far New Left's pattern of extracurricular activities.

Thunder on the right

Complaints against business from the other student extreme are less publicized. Many in this camp once considered themselves defenders of business. They still wave "Laissez Faire" banners and wear gold dollar sign pins. Their real target is big (they sometimes say "pig") government, which they claim abuses the rights of individuals in a multitude of ways.

But businessmen draw this group's fire to the extent that they support expanded government programs, seek government-protected trade advantages or receive government contracts.

Between the philosophic extremes emerge student groups harboring a variety of other gripes against business.

Some confine themselves to student-type concerns, such as getting industry to put graduates in jobs that entail decision-making. Others align themselves with broader social programs—minority employment problems, consumer issues, the labor union movement and the most "in" of all student involvements, ecological conservation.

Some student complaints elude the older generation even more. They usually are expressions of despair over "the Establishment" and any form of "authoritarianism."

For example, students clap and yell "right on!" when mustachioed Charles Palmer, head of the National Student Association, makes cryptic remarks like: "The institutions in this country are going to have to start realizing that there are people in this country."

The shifting emphasis in student thinking has sundered the leading student organizations of the 1960's on both the left and the right.

The leftist Students for a Democratic Society was staggered by a well-organized Progressive Labor Party drive to take control of SDS.

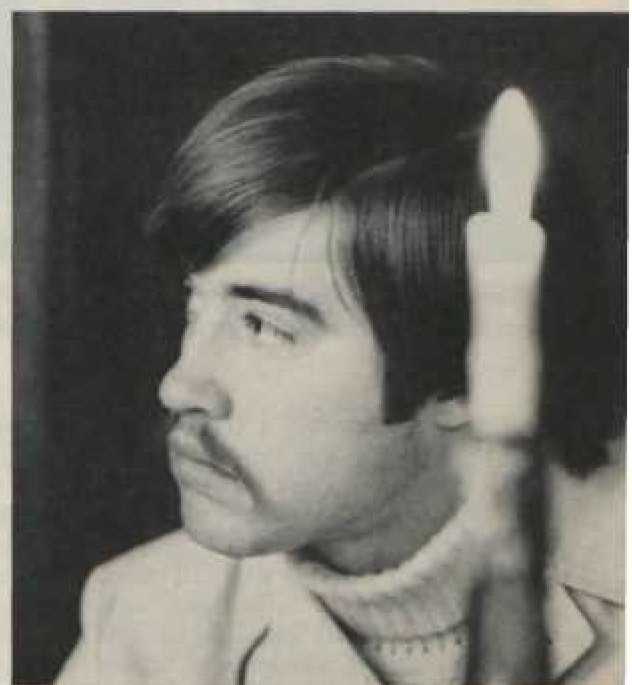
SDS members fled into an assortment of factions such as the violence-prone Weatherman group, the Revolutionary Youth Movement II, the Worker-Student Alliance, the Mobilization for Peace, the National Student Association, the Peace and Freedom Party, the anti-draft Resistance, the Radical Caucus, the Young Socialist Alliance, the Young Patriots (a "Marxist-Leninist party for oppressed white people"), the black student unions and the Black Panthers.

Some SDS-ers moved into women's rights groups or joined the Gay Liberation Front to ballyhoo for homosexual rights.

Many sets of "libertarians"

The split in the conservative Young Americans for Freedom was less shattering. At a meeting in St. Louis, several large delegations—including most members from California, New Jersey, Pennsylvania and Virginia—marched out of the national group.

YAF dissidents declared them-



are (center picture) *Paul Yelavich of Prudential Life and (to his left) Frederick Welsh, Eastman Kodak senior vice president.*

PHOTO: YOICHI OKAMOTO

PHOTO: LARRY FRIEDLANDER

Even the nonradical student today is intensely interested in issues once mostly ignored in favor of rah-rah over sports.

Ex-Goldwater speech writer Karl Hess (left) waits to speak at the Left-Right Festival.

selves "libertarians," a classification that confusedly was claimed also by many who remained in YAF, including its national chairman, David A. Keene.

Nearly all students who call themselves libertarians have been avid readers of novelist and essayist Ayn Rand, a strong advocate of laissez faire capitalism, which she views as the logical concomitant of individual freedom.

Some of them, however, attack Miss Rand's pamphlet "America's Persecuted Minority: Big Business," which has circulated widely among students. They claim the work fails to emphasize cases in which, they say, some businessmen themselves have become persecutors by aligning with government.

Miss Rand sees a limited government as a necessity, but solely for protecting the rights of individuals—a contention that splits student libertarians. On the other side stand the all-government-must-go libertarians, most notably the disciples of grandfatherly Robert LeFevre, the pacifistic dean of Rampart College in Santa Ana, Calif., and the black-bearded Karl Hess.

Mr. Hess, 47, a former speechwriter for Sen. Barry Goldwater, is perhaps the most activistic of libertarian messiahs. Advocating cooperation with any group, including the Black Panthers, he proclaims: "My unalterable goal is to destroy forever the coercion of man by man."

He jets about the country to tell students "the Revolution" already is raging in America, and "the only choice is over which side of the barricade you are on"—that of "the state" or that of its opponents.

Mr. Hess declines to censure the burning of the Bank of America branch. "How," he asks, "can you regard a chartered bank in the Federal Reserve system as private property?"

Hard to add up

It is impossible to tell how many students belong to groups that condemn today's business world. Even student leaders can't reckon their own following.

Undoubtedly the fastest growing movement is that composed of the various libertarian groups. Two years ago their meetings were small and local; now they are held on major campuses, attracting students by the hundreds from all over the country.

Some campus organizations actively defend business as it is. These include Junior Achievers and YAF. The latter, which lists a membership of 50,000 conservatives in 400 chapters, is setting up courses in free market economics "to provide a contemporary counter to the current 'orthodoxies' of the New Left and liberalism being forced on most students."

Many collegians, however, shrink from joining such endeavors for fear of being tagged "pro-Establishment." Several polls indicate most students—as individuals—still look benignly upon American business.

The alienation between student groups and businessmen is a major concern of Ed Butler, 35-year-old organizer of a "Square Movement" on campuses. Mr. Butler, who lives in Los Angeles, has a weekly national television program and publishes a newspaper, books, films and a magazine, all aimed at students.

He is trying to convince corporations that they should hire "conflict managers," that is, young persons who are tuned in on student movements and can communicate with students and head off troubles for businesses.

Evidence of waning enthusiasm toward business on the part of at least some students was seen recently

Lisa Lofland leads student ecology push at Rhode Island University.

PHOTO: THE VILLAGE SQUARE

Mod-dressing Ed Butler, who believes businessmen need to be represented by "conflict managers" on campuses, argues with a mustachioed SDS-er.

at a large symposium at Gettysburg College in Gettysburg, Pa.

Students packed the auditorium and roundly cheered such frequent critics of business as organizer Saul Alinsky and author Michael Harrington. But only a politely applauding smattering showed up for presentations by some leading American businessmen.

"We used to think the robber barons were dead," said one student leader at the symposium, "but they've come back stronger than ever."

"Capitalism," commented another, "is inherently racial and exploitive." Neither remark was challenged.

Terrorist talk—and action

Brazen talk of terrorism has surged among radical students during the past few months. The situation sprang to public attention recently when dynamite explosions wrecked a New York town house which, police said, radical leftists were using as a bomb factory.

Literature from the Weatherman, the SDS splinter group, was picked from the rubble. One of three people killed by the blasts was Theodore Gold, 23-year-old SDS member and a leader of the 1968 rebellion at Columbia University.

A group calling itself Revolutionary Force 9 boasted that it had bombed the Manhattan offices of International Business Machines Corp., Mobil Oil Corp. and the General Telephone & Electronics Corp. In a letter to United Press International, "Force 9" labeled the firms "enemies of life."

Violence, however, probably will not be the main tactic that student foes of business will use in the 1970's.

There is evidence, for example, that some leftist student groups this summer will make another stab at infiltrating the work forces of large firms. They hope to disrupt operations and, ultimately, whip up massive French-type work stoppages.

An SDS infiltration campaign flopped last summer, apparently because the plan was so well exposed (see "How SDS Plans to Stir Up Workers," July, 1969), and the vast majority of American workers yawned at student revolutionary prattle.

Some radical students are rekindled, however, by SDS claims that their infiltrations into New York City post offices touched off the postal strike.

Students have helped carry out boycotts against businesses, mostly under direction of labor unions. They have been active in the AFL-CIO's nationwide boycott of California table grapes, and some helped promote a boycott of General Electric products during last winter's strike.

Most New Left students, however, appear to be snapping off links with unions. Like businesses, unions are included in many students' rosters of the "exploitive Establishment."

Sporadic boycotts of grocery stores and record shops near campuses have been organized strictly by students. Some have been so effective that students are thinking of extending them to other businesses against which they have beefs.

Harassment of corporations' recruiters on campus will persist at many colleges. But there is evidence it is ebbing as job opportunities for graduates become scarcer.

The stockholder gambit

The New Mobilization Committee and several other groups in which students predominate are jabbing at what they think is the corporation's soft underbelly—the stockholders' meeting.

They buy shares of the company's stock or urge institutions, such as universities, to assign large blocs of proxies to them so that they may

raise havoc at stockholders' meetings in "Solid Gold Cadillac" style.

To tighten the wringer, other students at the same time demonstrate at the company's offices and plants all over the country. They hope to create confrontations with police or company officers and draw the attention of the press and TV cameras.

Students say the stockholder approach is just an extension of the techniques of the 60's when students demanded, and often won, greater voice in running their schools Some now envision seizing control of corporation decision-making, adding students to boards of directors and channeling business spending into "more socially significant causes."

Students in environmental movements have discovered another tactic sure to be used more during the 70's—the teach-ins. At these, sympathizers address all-day sessions.

The leader of one ecology teach-in jubilantly reported: "We got calls from so many politicians who wanted to speak that we just couldn't possibly accommodate them all."

Students find that the environmental teach-ins are good opportunities to spout off on other issues, too.

"I see the ecology movement as one method of reaching people who were not reached in the black movement or in the antiwar movement," says Arturo Sandoval, a University of New Mexico student who is an officer of Environmental Action, a student group that claims it encourages local wars on pollution.

"Polluter of the Month" club

One Environmental Action program is to get groups of students to give "Polluter of the Month" awards to businesses in their areas. The organization also tries to get industries to hire ecologists.

"We are going to raise the whole question of pollution of our environment by the people who have money," exclaims national student leader Charles Palmer.

At the same time, the ecology movement has angered some campus black groups, which call it "a white middle class toy" that's detracting from Negro problems.

Ecology fans' tendency to look to the government for solutions also upsets student groups that seek to limit or eliminate government. These students applaud a free market approach to fighting pollution as outlined at the Left-Right Festival of Liberation by Dr. Harold Demsetz, a University of Chicago economics professor.

Dr. Demsetz maintains that many pollution problems stem from the fact that scarce resources are treated by the government as free goods, resulting in "overutilization of resources." He prescribes clearer property rights as a means of determining who has been injured by a polluter and to what extent.

A similar argument was made to students at Gettysburg College's "Symposium 70" by William Allen, economics professor from the University of California at Los Angeles.

Prof. Allen also claimed that man probably is capable of cleaning up any type of pollution—but that such efforts should be measured in money and energy that could be applied to other wants. He told students that forced standards tend to stifle industry's incentive to come up with better means of fighting pollution.

An article in a publication called *Libertarian Connection* suggests the following nongovernment "solution" to pollution of a river by a manufacturer:

Students—preferably with help from "an ecology-minded law professor"—fill empty oil drums with sludge emitted from the firm's drain to the river and dump it all on the company president's front lawn. If he threatens to call the police, the students tell him they will release films they took of "the wretched mess, the dead fish and of the drums being filled with the waste."

Students are fired up over environmental issues even at schools that were relatively quiet during the campus explosions of the 1960's. A good example is the picturesque University of Rhode Island.

At a glance the problems of smog, noise and trash seem remote to URI. Students cross the neatly tailored quadrangle to their classes accompanied by the gentle strains of a carillon which waft out over the sleepy town of Kingston.

But URI students, who never supported SDS or Black Panther movements, are quietly up in arms over ecology.

"It's something students can get involved in who are neither left nor right," explains Alton Wiley, URI vice president for student affairs.

"It's the first opportunity in which many students who are scientifically oriented can get into the act," says Lincoln Divoll, 22-year-old president of the Student Senate.

A group of URI graduate science students called Humans to End Environmental Deterioration organizes cleanup days, pushes for more disposal cans around town, petitions for restrictions on trucks through campus and tries to persuade the school infirmary to give out more birth control information.

The University of Rhode Island's president, Dr. Werner A. Baum, has a special interest in the students' environmental movement. He is a former meteorologist and once was deputy administrator of the U. S. Commerce Department's Environmental Science Services Administration.

Convenient target

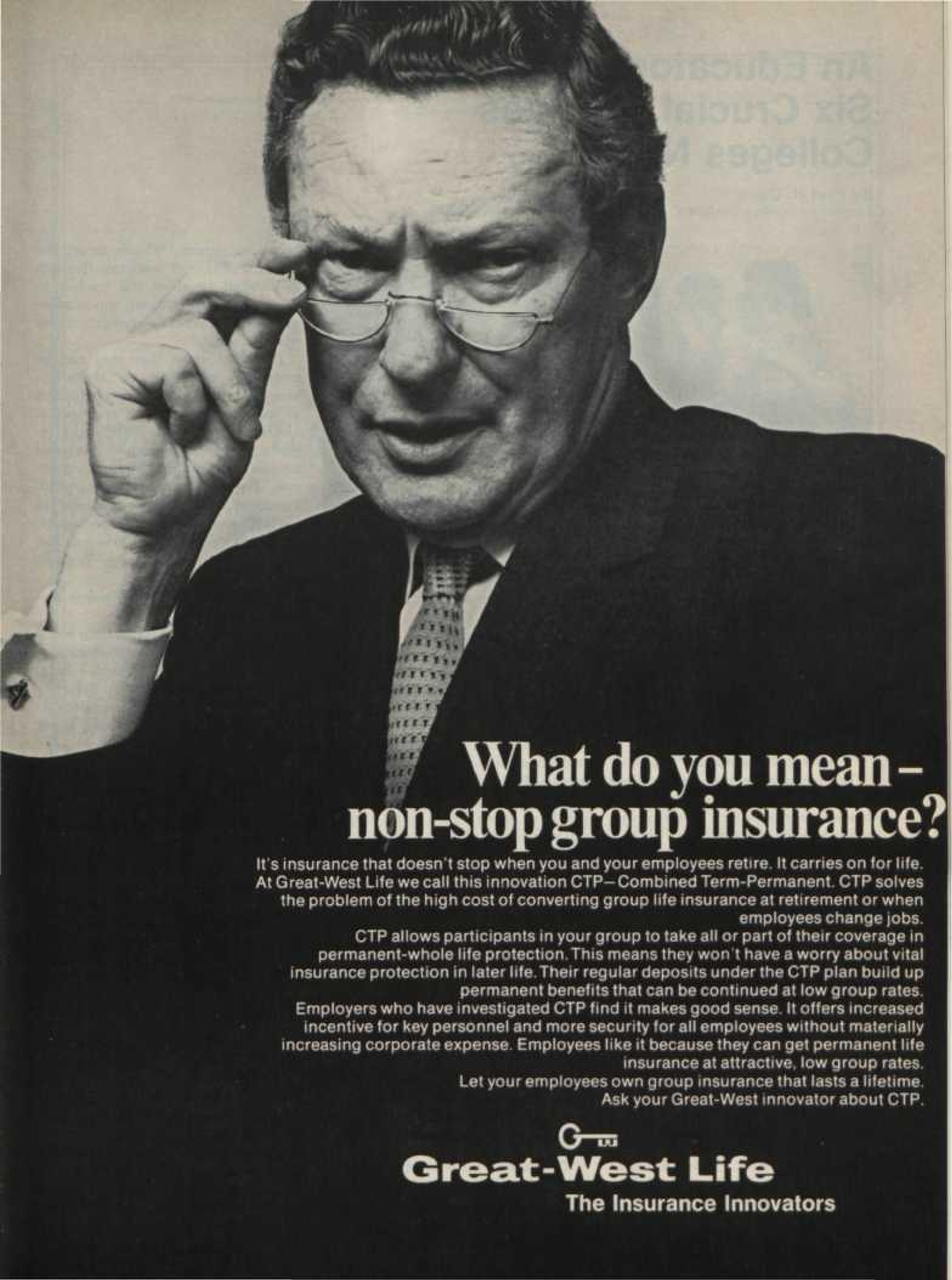
Noting that businesses are being singled out in the students' ecology drives, Dr. Baum says, "Business was a whipping boy when I was a student in the post-Depression days, too. In a sense business is a convenient target.

"Students tend to know more about the minuses than the pluses of our economic system. There's a tendency to say this is due to left-wingers in the educational system. I don't believe that."

Dr. Baum contends the real problem is that few students or teachers are motivated to analyze the operation of our economic system.

"I should hope that the importance of economics could be made clear to students through more subtle mechanisms than making it a required subject," he adds.

"It somehow amazes me that the American businessman, who has at his disposal all the resources, techniques and knowledge for selling his product, still hasn't done a good job selling himself to the younger generation." END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An Educator's View: Six Crucial Changes Colleges Need

By Paul H. Davis
Educator and college consultant

If there's one topic on which just about everyone has strong opinions, it's higher education.

Not long ago, I found myself talking with the head of the Pedagogical Institute in Moscow. I remarked, a bit ruefully, that Russian college students seemed more dedicated and less discontented than some of our noisy undergraduates at home.

"That's not surprising," he said. "They feel privileged to be in college at all. Also, they have great confidence in our approach to education, which is quite different from yours."

"How different?" I asked.

"Well," he said, "I'll give you one example. In your country, when a student fails, you scold the student. Here, we question the teacher!"

I was in Russia in the course of visiting campuses abroad and all over the United States in a quest to determine what action should be taken if higher education in America is to march forward.

Here, distilled from talks with trustees, administrators and students, and observation of classroom teaching, are six key things I found should be done:

1. *We must put a stop to coercion on the campus.*

One way to do this is to stop granting concessions and immunity to lawbreakers. Nothing baffles the average citizen so much as the hesitancy shown by some college administrators in dealing with campus radicals. Dartmouth, Notre Dame, the University of Denver and the University of Oregon have taken a firm stand and the walls have not come tumbling down.

When police power has to be used, it must be used with justice and restraint. Colleges may have been an extension of the church in medieval times, with a tradition of sanctuary, but these are not medieval times and we need an end to sanctuary type thinking.

2. *We must stop tolerating teachers who cannot teach.*

Sitting in dozens of classrooms, or listening to disgruntled students, or talking with dropouts who quit school from boredom, I came to the conclusion that a disheartening percentage of college professors are unable to reach their captive audiences.

The cause is quite apparent: In the academic world, the criterion for advancement is not teaching. It's scholarship, research, publishing learned books or papers. What's more, the proud tradition of academic freedom is invoked to allow the teacher to teach virtually without supervision, even if he leaves his students numb with boredom.

It's a situation that may not be remediable overnight, but there is a long-term solution: closer evaluation of teaching ability, with appropriate awards or penalties. This might remove the professor from the pedestal he now occupies in American education, but it would not be harmful. President Eisenhower often used to say, "That which is not inspected deteriorates." College professors, like the rest of us, need such periodic inspection.

3. *We must stop treating college students like children.*

Campus rules and regulations based on the assumption that college students are incapable of mature judgment and behavior must go. Behavior rules have been modified considerably on some campuses, but on many others they have not.

If we demand mature behavior from our students (as we should), then we should be prepared to treat them as mature, responsible human beings (which they can be).

4. *We need to rebalance and modernize the structure of our colleges and universities.*

It is almost impossible to survey the field of higher education without concluding that faculties have too much power. Today's colleges are faculty-oriented. Courses, hours, requirements, methods, schedules—everything is designed with one primary purpose: to serve faculty interests and convenience.

This may be pleasant for the professors, but it makes for a ponderous apparatus that clings to the status quo.

Glenn S. Dumke, chancellor of the California State Colleges, summed it up: "Every college or university that has experienced a major confrontation has found its existing structure of

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The author of this article is an educator and college consultant who has written extensively about the American education establishment. He has served as general secretary of Stanford University and vice president of Columbia University.

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academic government wanting. The decision-making process is too slow, too cumbersome, and often not truly representative. Key faculty and administrative committees have frequently been dominated by academic political hacks."

If faculties used their power to get on with badly needed educational reforms, there would be less discontent with such professorial dominance.

As for administrators, it is clear that the old concept of the university as a closed society run by a group of unworldly scholars has broken down. Yet many colleges go merrily on, making first-rate scholars into third-rate administrators. Felix Morley, former president of Haverford College, has regretfully noted in a NATION'S BUSINESS column ["State of the Nation," September, 1969] that "We have been content to follow a literally medieval pattern."

What is sorely needed is greater familiarity on the part of college administrators with basic principles of management.

It is true that university and college problems are different from corporation problems, but they are not that different. There is no reason why American industry should not offer to train college administrators much as it trains its own executives. If a president, vice president or dean from each college were authorized to take a five-day course provided by the Presidents Association of the American Management Association in fundamental administrative principles, one chief weakness of the college system would disappear.

The trustees, who make up the third member of the college trinity, are granted full authority by law. They usually are successful, talented, experienced business and professional people. But all too often their extraordinary talents are wasted, and boards of trustees are permitted to become comfortable clubs of prestigious citizens far removed from the teaching-learning process on the campuses.

Almost any such board would be improved by appointment to it of three students, three professors and three college administrators. But these should be selected from other universities and colleges.

5. *We must recognize that today's students are subject to severe emotional stress, and do what we can to minimize it.*

There are numerous causes of student stress: disappointment with the shortcomings of the college system; frustration over mankind's apparent inability to solve the great problems of war, poverty, pollution or racial prejudice; ever-increasing demands for more work and better performance from students; the impact of the avalanche of new knowledge; campus and classroom overcrowding; pressure from campus anarchists or nihilists.

It may be, too, that affluence in childhood has robbed some students of the inner disciplines that once were a taken-for-granted part of American family life, leaving them all the more vulnerable to stress.

Probably the most severe additional strain on today's students is the war and the student draft exemption. Dr. Bruno Bettelheim, University of Chicago psychologist, told a Congressional committee: "Many of the rebellious students are essentially guilt-ridden individuals. They feel terribly guilty about all the advantages they have had—they try to destroy society or certain institutions, rather than deal with their inner guilt." About draft exemption, he added, a student's reaction often is: "If I am exempt from service, when others are not, I can live in peace with myself only if I am convinced that this is a vile war."

If the 30,000 trustees in this country would petition Congress to reverse the policy of student draft exemption and provide every youth an equal responsibility for serving his country either in the armed forces or in some other governmental service, they would be acting to eliminate a major student stress.

6. *We need more research into the mechanics of how people learn.*

Just as we had a crash program to develop the atom bomb and a crash program to put a man on the moon, so we need a crash program into the mysteries of learning itself. The truth is, after more than 2,000 years we still know little more about the learning process than did the ancient Greeks.

What is curiosity; how can we instill it? What is creativity; how can we encourage it? What are the secrets of concentration? What are the limits of memory? Is knowledge best absorbed through the eye or the ear? What are the best teaching aids? If scholastic grades are not the best way of providing motivation and determining learning progress, what is?

The questions are enormous, fascinating, and still unanswered. A determined effort to answer them might engage the minds and capture the imaginations of some of our best and brightest people.

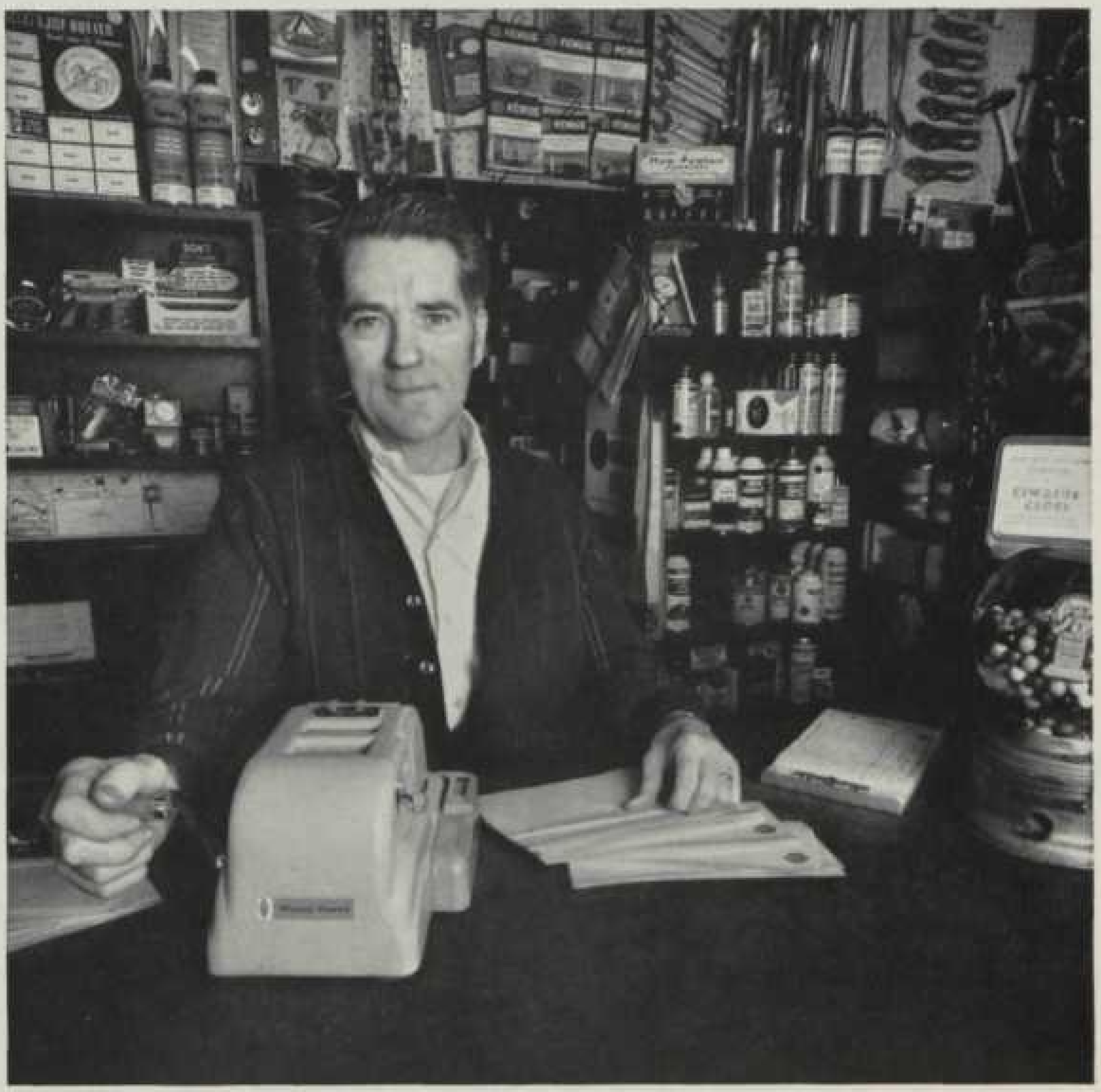
Certainly, looking to the future, there is no reason to despair. Disruptive and destructive though they have been, college disturbances and confrontations have focused the nation's attention on glaring weaknesses in our system of higher education.

Today, on hundreds of campuses, wise and determined men are working to eliminate those weaknesses. If their efforts, guided by concerned trustees, are backed by an enlightened public, they will succeed.

And when they succeed, the American college and university will be better fitted than ever to follow its ancient calling of reason and truth.

END

Why Bob Eirich uses a Pitney-Bowes Postage Meter to mail as few as 4 letters a day.



Gloucester, Massachusetts is a fishing port and summer resort, so not surprisingly boats are pretty big business there. Boats are certainly a big part of Bob Eirich's business--although by no means all of it. His Cape Ann Automotive Supply outfit serves garages, car dealers and repair stations, too.

To run a complicated supply operation like this, you have to be organized to the last detail. Not just in terms of the stock on your shelves. The way you handle your paperwork counts, too.

A good example of this, Bob feels, is the problem of monthly statements. If for some reason they go out late, then the checks are late coming back in. And Bob can suddenly find himself low on capital—which hurts in a business like his.

Getting out those statements used to be one of his biggest headaches. As he puts it, the end of every month turned into "a lot of licking and sticking of stamps and envelope flaps." At one point he even tried using a sponge, which is when he realized the situation was getting "ridiculous." And more seriously, he would often miscalculate and run out of stamps, which held up his mail until he could get to the post office.

This was bad business, as well as "a pain in the neck." He didn't hesitate. "Life's too short." And so a Pitney-Bowes postage meter was installed immediately to stamp and seal all his mail.

And there's one extra thing that Bob especially likes—the chance to print a small ad besides the postage. The way Bob sees it, the meter ad "is like your salesman, if you don't have someone out."

This is Bob Eirich's story. Do his problems sound something like the problems that are bothering you? If so, call your nearest Pitney-Bowes office for details and a demonstration.

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THIS MONTH'S GUEST ECONOMIST

Herbert A. Lewis
Senior Economist
Eastman Dillon, Union Securities & Co.

JOLTS ON THE PRICE ELEVATOR

Inflation usually is thought of as the scourge of the aged, and of others on fixed incomes. While those groups certainly suffer, inflation's effect on the rest of the economy should not be overlooked. It profoundly distorts consumer spending, investment in plant and equipment, inventory accumulation and the financial markets.

In the early 1960's, prices advanced on the average less than 2 per cent a year, a rate most economists regarded as stable. Then, when Viet Nam spending hit an already strained industrial machine, prices began to escalate. Although economics is still imprecise, recent experience provides needed insight into the fundamental changes undergone by an advanced society when the public comes to believe the price elevator is express.

Businessmen were jolted by inflation. During most of the postwar period, sales had outpaced inventories nicely. Stockpiles were kept down because technological improvements in control obviated shortages while ample productive potential minimized bottlenecks. And of course there was no need to hedge against general price rises.

Once inflation loomed, stocks piled up on shelves out of all proportion to sales. The same thing happened with respect to business spending for plant and equipment. When the federal budget went heavily into deficit after 1965 (a strong stimulant and under prevailing conditions an inflationary force), business invested in new production capacity well in advance of need.

Then, when anti-inflationary policies went into motion, demand dropped below the point where it could support a high investment in inventories, although businessmen were slow to see this.

Demand shifts usually are fairly gradual and businessmen sometimes view them as transitory rather than changes in trend. But once it becomes clear the economy has really altered its course, the business sector tends to respond quite rapidly—often too drastically. In the past decade or so, business spending has typically been overstated at economic peaks and understated at the troughs.

Now, I think, we are beginning to see the end of the whipsaw pattern of mountainous overspending followed by meat ax cuts in production. We can look for a more orderly realignment of investment and inventories in the future. Although production and profit margins still will follow the general economic tempo, we have improved our knowledge of markets and are recognizing shifts in demand earlier.

Businessmen are becoming more rational, as evidenced by the fact that actual business investment has lagged behind expressed intentions for several years. This indicates that, in the conflict between psychology and economics, the dismal science is gaining the upper hand. Hopefully, this will produce less wasted production and lost profits.

Improved statistical measurements of consumer attitudes, however far from perfect, now provide businessmen with distant early warning signs of impending shifts in consumption. Thus they can adjust their outlays for capital goods and inventories.

Until massive inflation set in a few years ago, economists held that consumers maintain a fixed ratio of spending to income. This "consumption function" was thought to be an immutable law. Under this law, when inflation took hold, Americans should have followed the usual South American pattern and gone on a spending binge. The facts have been different.

First of all, the typical attitude is retrenchment of spending, initially for durable goods purchases which can be more readily postponed. A greater part of earnings has to be set aside to maintain a given standard of living.

There also is reluctance to take on contractual debt, which big ticket purchases often require. Throughout the past year, consumers reduced the rate of growth of new debt sharply.

If conventional wisdom applied, the prospect of paying debts with cheaper dollars in the future would spark further demand for consumer credit. Instead, households actually tend to increase their rate of savings. Inflation evokes the specter of higher unemployment levels in the wake of restrictive economic policies. An advance in joblessness may fail to materialize, but what matters is that people worry and become defensive.

Even though unemployment did not rise perceptibly when economic growth paused in 1967, the savings rate rose markedly above the long-term trend line. The rate declined when the surtax went into effect, since payments were made out of savings, and since consumers did not cut spending because inflation was thought to be short-lived and no one worried about unemployment. But once tight money and the rest of the restraint package was reopened in 1969, the savings rate rebounded.

Once defensiveness is set in the minds of consumers, it is not easily or quickly reversed, as the experience of 1967 indicates, and households could become overprotective longer than is necessary. If businessmen could respond quickly to these shifts in consumer attitudes, the need for extraordinary government stabilization attempts might be reduced. As it is, these attempts often are too

GUEST ECONOMIST *continued*

weak or too strong. Restoring economic growth at a lower level of inflation, therefore, has rarely been accomplished without undue waste of resources.

Financial markets also feel the impact of inflation. Investors don't really know how hard restraint will cut into total economic activity. While price rises continue and restraints are expected to remain in effect, investment money flows away from equities and toward more liquid, high yielding and virtually riskless investment, such as short-term money market instruments.

The record open market yields available to investors when inflation is at full steam may actually depress common stock values more than an anticipated moderate decline in corporate profits.

No one simple policy formula is available to Washington that would guarantee stable noninflationary growth under all circumstances. We still require a pluralist approach of discretionary actions by both the Federal Reserve and the Treasury. While recent debate among economists centers on the role of monetary policy, which has been plagued by errors in forecasting, a better attuned fiscal policy also needs to be devised.

Beyond doubt, much of the distortion of the past several years has been caused by lack of a nimble fiscal policy as much as by erroneous forecasts which led the monetary authorities astray.

In retrospect, taxes should have been increased as soon as military outlays began to rise steeply. But, politics got in the way. After the President finally requested a tax increase, Congress deliberated almost a year before acquiescing. Precious time was lost and we have paid dearly in the price indices.

Now, as the economy cools, thought should be given to making future stabilization more effective. Perhaps, in a less heated atmosphere, it might be wise to consider giving the President standby authority to raise or lower taxes temporarily in advance of Congressional advice and consent.

Certainly, the economic sophistication of Congressmen has grown to the point where they can share some power without seriously diluting their constitutional responsibility for guarding the nation's purse.

A PICTORIAL SCORECARD FOR FOLLOWING THE AFL-CIO LEADERS

The Men in Line to Succeed Meany

After George Meany, who?

That topic pops up eventually at any extended get-together of labor union officials and those who have to deal with them.

Mr. Meany has been king of the unions since 1955—when the American Federation of Labor, which he headed, merged with its rival Congress of Industrial Organizations to form the AFL-CIO. (The merger, incidentally, was viewed by labor's former grand duke, John L. Lewis, as "a rope of sand.")

Today, Mr. Meany, who will be 76 on Aug. 16, has 121 unions firmly bound in his federation. He's withstood the expulsion from the AFL-CIO of the country's largest union, the Teamsters, and the withdrawal of the second largest, the United Automobile Workers.

At the time of the merger 15 years ago, few doubted that Mr. Meany's successor would be UAW President Walter Reuther. It is often said that Mr. Meany would have resigned in the early 1960's had Mr. Reuther not started to snipe at AFL-CIO foreign and social policies.

Now, Mr. Meany certainly isn't giving any indication of plans to retire. But there is continuing speculation as to who might become president of the AFL-CIO in the future. Some of those considered leading prospects are pictured on these pages. Based on their records and statements none would veer sharply from Mr. Meany's policies. But, then, none has been at the helm yet.

Lane Kirkland, 48, has been at the right hand of Mr. Meany for many years. A former merchant marine officer, tough-talking Mr. Kirkland never held a union elective office until last year when the AFL-CIO's Executive Council, at Mr. Meany's urging, chose him for the labor organization's second highest job, that of secretary-treasurer. Mr. Kirkland, who shares Mr. Meany's affinity for political action and hefty lobbying, is both the youngest and the leading contender for the top spot.

I. (for Iorwith) W. Abel, 62, is given the second best chance to succeed Mr. Meany. Mr. Abel is president of the nation's third largest union, the 1.2 million member United Steelworkers of America, and heads the AFL-CIO's Industrial Union Department, formerly run by Mr. Reuther. A blacksmith's son, the stocky, modest-mannered Mr. Abel hammered out a tough campaign to unseat long-time Steelworkers chief David J. McDonald in 1964.

3615 Olive St.
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63108
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John Henry Lyons Jr., 50, is president of the 150,000-member Iron Workers Union, which he joined as an apprentice more than 30 years ago. The six-foot-three Mr. Lyons worked construction jobs throughout the country and received a mechanical engineering degree from the University of Missouri School of Mines in 1942. Nepotism has been a fact of life in the Iron Workers, where family ties have opened the way to union cards and union office promotions. So when Mr. Lyons' father, then Iron Workers president, died in 1961, no one was surprised to see the son named interim union chief. A union convention of 1964 formally elected him to his father's old post.

continued on next page

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Paul Hall, 55, seated here between Mr. Lyons and A. Philip Randolph, 80-year-old retired president of the Brotherhood of Sleeping Car Porters, is president of the Seafarers' International Union. He also heads the AFL-CIO diversified Maritime Trades Department. Mr. Hall was tagged by some as the heir apparent to Mr. Meany in 1967 when he succeeded Mr. Reuther as chairman of the AFL-CIO's Organization Committee. But the Seafarers' political fund raising and spending is undergoing sharp criticism and federal scrutiny. When asked recently what Mr. Hall's odds are now for becoming his successor, Mr. Meany replied, "Pretty long."

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Joseph A. Beirne, 61, has headed several crucial AFL-CIO projects, including studies of automation and the organization of white collar workers. A former Bell System employee, Mr. Beirne has been president of the Communications Workers of America, which now has 300,000 members, since it was organized in 1947. As an old CIO-er, he could satisfy those who think the AFL-CIO presidency should alternate between craft and industrial union leaders.

1126 16th St. NW 20036

296-1200

"Electrical, Radio & Machine Workers"

Paul Jennings, 52, heads the 300,000-member International Union of Electrical Workers. He has spent five years trying to patch up hard feelings following his election victory over the union's colorful founder, James B. Carey. It took a federal investigation to give the presidency to Mr. Jennings, after the Carey administration had declared Mr. Carey the winner. The hard-working Mr. Jennings has been at the spearhead of AFL-CIO coalition bargaining programs.

Jerry Wurf, 51, is president of the fast-growing American Federation of State, County and Municipal Employees. When he was elected, in 1964 by 21 votes, AFSCME was in the red and under jurisdictional attack from other unions. Mr. Wurf managed to correct both problems, and after a tough fight gained a seat on the AFL-CIO Executive Council, which began to see what European unionists have long known—that public employees are a vast source of dues. A salty-tongued graduate of New York University, where he studied economics, history and law, Mr. Wurf loves art, reading and bargaining. END

Your Business Is Her Business

Do executives really succeed at their wives' expense? A survey tells a different story

We hear a great deal about the corporate "bigamy" of executives. Assorted experts tell us that an executive's drive sets him on a collision course with matrimonial peace, as he spends more time and thought on the office than on his family. In the inevitable clash, so the story goes, neglected wives and disregarded children become victims of the executive's urge for achievement.

Doubtless many executive families suffer from such woes. But there's another side of the story: Husband and wife teamwork, where a wife's assistance to an executive brings emotional as well as monetary and status rewards.

Wifely interest in husbands' careers is an American tradition of long standing, anchored in pioneer days.

The pioneer wife was a working helpmate to her husband. And our early entrepreneurs were men of the soil, bringing to the world of business the pattern of joint dedication to the family enterprise.

This tradition is not dead, though the picture may not be as lopsided as that shown by one published report, which has it that the executive wife doesn't complain when her husband works late or when a transfer requires her to change her way of living completely, that she avoids encouraging any controversial family activity and that she doesn't view her husband's career as direct competition.

One survey provides evidence that goes to the heart of the executive-wife relationship. A series of questions was asked 117 wives of top executives—presidents and V. P.'s in the printing industry. The replies and comments on questionnaires filled out and returned anonymously are extremely revealing.

Some of the questions:

- Is your husband's job hard on you?
- Have you played a part in your husband's success?
- What is your opinion of your husband's secretary?
- How would you describe your husband as an executive?
- What part of your husband's job takes the most out of him?
- Would you be willing to have your husband take a job with less pressure at a substantially lower salary?
- What would you say is the greatest help to your husband in his job?

Here, you might think, was an opportunity for the neglected executive wife to strike back under the cloak of anonymity. Nothing of the sort happened.

Executives' wives speak up

Overriding all other factors, what emerges from the survey is that the executive's wife does not resent her husband's job because she feels so deeply involved in it.

Whether this sense of involvement stems from her husband's effort to draw her into the company orbit, or whether it derives from her own inner needs, is not important. But the fact is abundantly clear in the answers to direct and indirect questions that the little woman not only is proud of her husband's accomplishments, but feels she has helped to make him what he is.

For example, a mere 21 per cent consider their husbands' jobs "hard" on them. And even among this small group there were such explanations as, "His work affects his disposition and his health. When either of these is affected, I suffer." Clearly, the implication is that she can only be happy when he is.

Among the 79 per cent who answered "No" to the question, "Is your husband's job hard on you?" not only were there statements such as, "It's a part of our marriage, and we both accept it," but there were indications of actually enjoying the challenge.

Any doubt as to the reason for finding nothing hard about being an executive's wife is removed in analyzing the answers to, "Have you played a part in your husband's success?"

Close to three fourths of the group offered a proud and frank "Yes." What's more, the typical comment was, "Any wife worth her salt is indirectly responsible for her husband's success." This, then, seems to be the real reward for the hardships and pressures of executive home life. The wife apparently finds a sense of importance and meaning in life's scheme by providing the kind of support that makes it possible for her husband to meet the demands of his job.

"I keep him encouraged and happy," said one wife, adding: "Brother, if you don't think that's playing a part in his success, I don't know what is!" Others found a similar sense of involvement in their husbands' success through such contributions as "being understanding," "entertaining customers," "listening to his problems and encouraging him to keep going," providing "helpful inspiration" or—in some instances—acting as social secretary behind the scenes.

One amusing side note is the fact that a number indicated their helpfulness by "not mixing in his business" and by "helping with his business contacts." Apparently, they do whatever their husbands want—and whatever that turns out to be is called "helping."

The importance of creating personal involvement as an effective counterforce to a possible wifely resentment of an executive's career commitments has never been sufficiently understood by some students of executives. The ability to do this often accounts for a man's effectiveness on the job.

While a less dynamic man might be creating marital havoc by his disproportionate devotion of time and attention to work instead of family, the executive can bridge the gap with the special qualities he squeezes into all his relationships. The strong sense of involvement his wife feels is tribute to his handling of her. She would hardly feel free to claim she had played a part in her husband's success, unless he had planted this feeling in her mind.

No room for jealousy

Those who would have you believe that the average executive's wife considers her husband's secretary as a threat apparently fail to understand the depth of her security. Certainly, the wives surveyed demonstrated no deep-rooted hostilities in responding to the question, "What is your opinion of your husband's secretary?"

Fifty-one per cent described their husbands' secretaries as "helpful," and 45 per cent said they were "pleasant."

The 4 per cent who said they had unfavorable opinions mentioned no fears of personal competition. They offered such reasons as: "She has a

The secretary? Sometimes, a wife's comment may be: "Blah." And sometimes: "She's like a second wife; a wonderful girl."

Your Business Is Her Business *continued*

The early American entrepreneur could count on a working helpmate in the little woman. It was the start of a tradition.

greatly exaggerated opinion of herself—a silly, affected girl;" or "She'd be of more help if she had more brains."

Another wife apparently felt she covered the situation adequately by simply remarking, "Blah."

And here is one comment of a wife whose generosity possibly passeth understanding: "She's like a 'second wife' and a wonderful girl."

Obviously, the executive's wife takes pride in her husband and in his achievements, and that pride is indicative of respect. Both these feelings were demonstrated in the adjectives which wives used to describe not only their own husbands, but executives in general. A percentage comparison of their feelings about both:

"*In your opinion, which would come closest to describing your husband's fellow executives?*"

Capable, 45	Scared, 3
Ruthless, 1	Power seeking, 4
Money hungry, 4	Serious, 15
Social minded, 4	Dedicated, 24

"*Which word comes closest to describing your husband as an executive?*"

Capable, 46	Scared, 1
Ruthless, 1	Power seeking, 1
Money hungry, 3	Serious, 16
Social minded, 1	Dedicated, 31

As you can see, the women closest to them apparently consider executives in general to be capable and dedicated. They find their own husbands, if anything, just a little more so.

They realize it isn't easy

Nor do executives' wives have any illusion about the executive suite being a bed of roses. They know the job takes a toll on their men.

The great majority consider "responsibility" the single aspect of the job that takes the most out of their husbands. Said one, "My husband must face up to a lot of tough situations, but one of the worst is the necessity of firing an employee."

Said another, "His foremost concern is his responsibility to keep workers gainfully employed and happy."

The mature balance of one wife's statement speaks for itself:

"I suppose many women have mixed emotions about their husbands' jobs. I would have been happier if the job didn't take so much out of my husband, and if it had plagued him less—but I guess that's just wishful thinking. How many of us are ever satisfied with things as they are?"

Perhaps the clearest indication that the wives are as capable of seeing—and taking—the good along with the bad, was the attitude toward trading places. Answers were almost evenly divided on the question, "Would you be willing to have your husband take a job with less pressure at a substantially lower salary?"

Some women alibied their answers by saying, in effect, "I would be willing, but I don't believe he would be happy;" or "Yes, but it would have to be his decision." Others answered "No," but explained they felt their husbands would regret it.

Write-in comments paid strong tribute to the rewards of job involvement. "This job is his life and it's part of him," one woman said.

Many wives in the group indicated their husbands "love" their work. The frequency with which the word "love" appeared in this context is most revealing. Here is one of the more colorful comments about the executive's job by his wife:

"Exacting, exasperating, exciting, frustrating, infuriating and fascinating. He considers his position a challenge and he loves it."

Another comment emphasizes in wifely terms the benefits of effective executive delegation:

"My husband has several excellent, capable and loyal people on whom he can depend for many duties that otherwise would take his time and energy. He is able to leave his business while these other people carry on very well in his absence. I feel he is extremely fortunate in this respect."

Still another comment certainly makes executive life sound like a ball:

"He enjoys all the people he meets, and every minute of his work."

And here is possibly the greatest tribute a wife can pay to a husband: "My husband is a self-made man and would be successful without me." That clever woman probably has a husband who believes every word of it—even if she doesn't.

Rules for home harmony

It needs emphasizing: The 117 wives studied are married to successful executives, top people in their industry.

The survey's results could be explained by the theory that the husbands' success has swept the wives along in a haze of goodwill resulting from the material rewards of high salaries, status, etc. Or, it could be argued that the husbands are success-

Your Business Is Her Business *continued*

ful because they have wives who view their careers benignly and are willing and able to help with them.

Let's assume the second interpretation is closer to the mark. And then let's briefly examine some moves executives may make to get their wives to assist in developing their careers.

1. If you are satisfied, forget it. Spend a moment or two considering your own career and your wife's participation in it. Satisfied? Do you really feel that your spouse is making the best possible contribution she can? If so, let well enough alone—and congratulations, because you are a lucky man.

2. It's important to be realistic. Is yours a helping wife? Just as it would be overly rash to assume that all marriages are happy, so it would be unwarranted to assume that every wife is capable of furthering her husband in his job. If, for psychological or other reasons, yours isn't, the height of wisdom is not to expect aid from an impossible source.

3. Get her involved. Assuming you feel your wife can increase her contribution to your professional welfare, the first step is to make her feel your business is her business.

Talk about your work. Let her know what's going on. Help her become familiar through your descriptions of meetings, contacts, etc.

Discuss problems with her. Two of your subordinates feuding? Describe circumstances and ask for her suggestions for resolving the dispute. Hiring an assistant? Talk over with her the qualifications.

4. Have her play a part in setting career goals. Discuss the various directions in which promotions may take you. Should you consider the boost up the ladder that will take you from the East to the West Coast? Should you take over the management of a subsidiary plant that will change your living place from a city to a small town? These particular kinds of decisions, after all, do involve her.

5. Set limits. You don't have to do this in any formal way. But the fact is there may be some decisions which must reflect your thinking and feelings alone, some areas of your activity in which your wife may not be able to make a meaningful contribution.

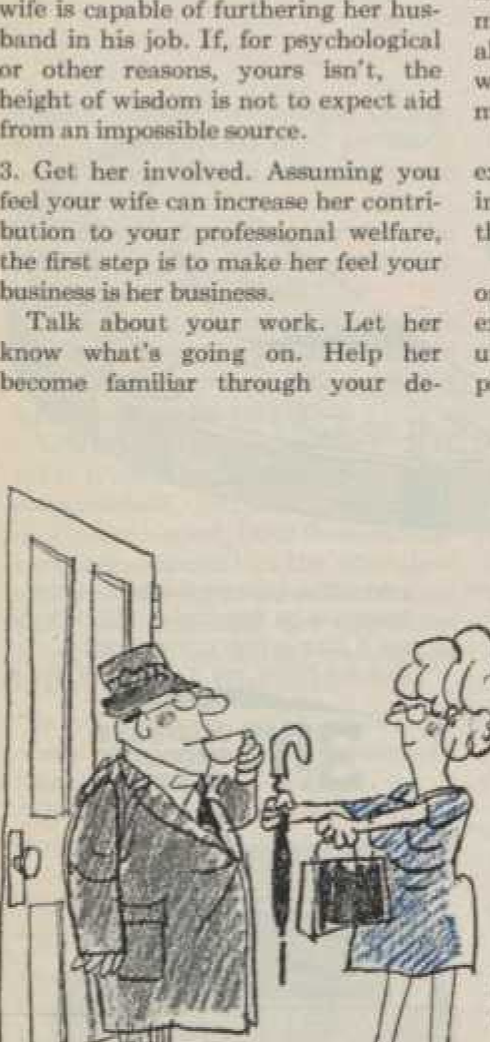
In highly technical matters, for example, a spouse, no matter how intelligent or well-educated, may find that general wisdom does not apply.

And psychiatrists point out that in one specific area—the subject of an executive's boss—wives may be highly unqualified. Says one New York psychiatrist: "I have found that many wives resent their husband's boss. Of course, they may do this for a number of reasons and at different levels. One obvious cause is a woman's natural resentment towards the man who may, in her eyes, be holding her husband down, giving him a rough time, not giving him promotions she feels he may deserve. But then, on a deeper level, a spouse may resent her husband's boss out of frustration. He may be the more powerful male for whom she yearns—hopelessly."

"Any wife worth her salt is indirectly responsible for her husband's success." That sums it up for most women.

6. Give her "equal time." It would be unreasonable and inadvisable to expect the husband-wife team to concentrate only on the husband's activities. Don't expect a wife to be completely self-denying. Give her the opportunity to discuss her problems in running the house, in her social circles, with the children and so on. Clearly, you can be of great help to her in these matters and in this reciprocity, your relationship can further broaden and your teamwork improve.

—AUREN URIS



The pressures on the executive? They're "a part of our marriage, and we both accept it," is a typical wifely comment.

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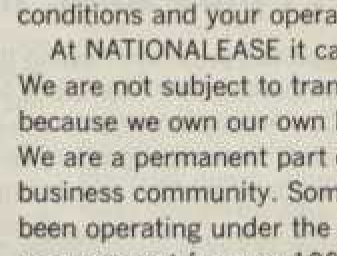

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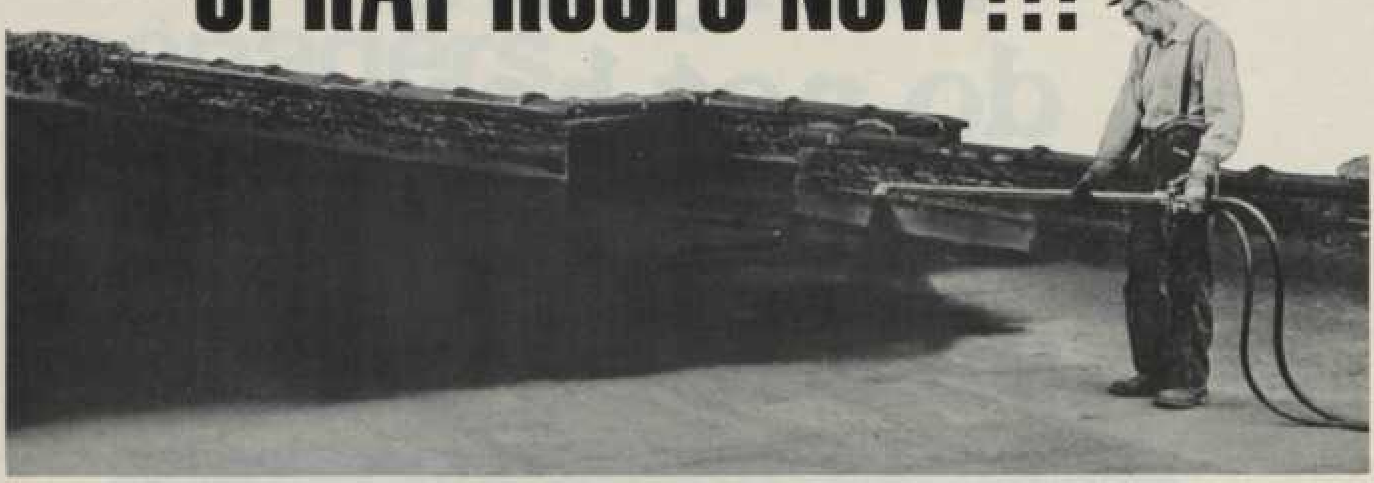

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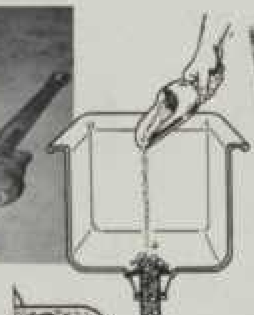

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A Dramatic Change in Course for Shipping

It's full speed ahead for containerized transport, which transforms commerce in its wake

A revolution in ocean shipping is making waves around the globe.

It is transforming manufacturing patterns, export markets, ports, land transportation, shipbuilding, trade prospects of underdeveloped nations and the competitive standing of the U. S. merchant fleet.

This revolution stems from the immense transportation capability gained by moving goods swiftly, safely and reliably in containers and barge-carrying ships. The gains are so dramatic that they are being hailed in the shipping industry as the equal of the transition from sail to steam, from wood to steel hulls.

Container shipping has developed on a global scale only in recent years, and barge-carrying ships are just coming into service, so no one has a ball-park score of economic impact.

That impact is the subject of study by the United Nations, the U. S. Maritime Administration and the Maritime Transportation Research Board.

Meanwhile, talks with authorities in the field reveal far-reaching effects certain to intensify as new vessels are delivered, rates are affected and fuller integration of rail, highway and steamship service is achieved.

Clearest fact is that the American merchant marine, for all its acknowledged general decline, is alive and kicking. By latest count, U. S. flag carriers have the world's largest containership fleet, with 79 full containerships and another 103 with partial capacity for containers, wheeled vehicles or both.

Freight tonnage transported by commercial container on the well-developed North Atlantic routes has been running in the 400,000 range each quarter for which figures are available since 1968. Commercial container shipping between the Pacific Coast and the Far East rose dramatically from 33,000 to 244,742 tons per quarter from first quarter 1968 to first quarter 1969. On both sets of routes, U. S. carriers had more containership capacity than all foreign lines combined.

Ingalls shipyards build a ship for Moore-McCormack (above). And U. S. Steel says containers have promoted its export of prefab steel apartment units to Europe.

American leadership—business rather than government—gets most of the credit for this revolution. "The container is one place where the U. S. flag has really taken over," notes Clifford B. O'Hara, director of port commerce for the Port of New York Authority.

Richard J. Gage, chairman of a North Atlantic rate-setting conference of carriers, stated bluntly a few years ago:

"Our ability to make a buck, or our being forced to lose a buck, by and large is not determined by the Federal Maritime Commission.

"It is determined much more by a factor such as a truck operator from North Carolina who decides to go into the steamship business and builds a whole new kind of steamship, and revolutionizes the trade."

Land and sea coordination

The reference is to Malcolm McLean, of the McLean Trucking Co., whose Sea-Land Service, Inc., inaugurated the first transatlantic service in full containerships in April, 1966. Matson Navigation Co. followed swiftly in the Far East.

Mr. McLean and Sea-Land were "willing to put their money where their dreams were," agrees James J. Reynolds, president of the American Institute of Merchant Shipping (AIMS), representing 37 companies with 533 U. S. flag ships. (The total U. S. merchant fleet stood at 873 active ships early this year.)

Prospects are bright, says Mr. Reynolds, for continued American leadership in containership transport of general cargo. This means goods conventionally handled separately as single items—crates, bales and the like—as distinguished from liquids, grain and coal normally shipped in bulk.

General cargo moving to or from

Four dockside cranes load and unload Sea-Land Service's S. S. Charleston at San Juan, Puerto Rico. Container shipping has been credited with helping Puerto Rican development.

A Dramatic Change in Course for Shipping *continued*

the U. S. now runs annually at 180 million measurement tons (a unit of volume representing 40 cubic feet), 60 per cent exports and 40 per cent imports, plus whopping military cargoes due to the Viet Nam War.

Mr. Reynolds expects this to rise to 270 million measurement tons by 1976, plus 7.5 million in military cargo and another 20.5 million in "government impelled" cargo (like foreign aid shipments).

The Nixon Administration is strongly pushing a $3.8 billion program to subsidize construction of an average of 30 ships annually for 10 years—a significant number would be barge carriers and containerships, though the mix isn't set yet—and scale down the subsidies compensating for lower foreign construction and ship-manning costs.

With ships in service, others on order and still more to come under the Administration's program, Mr. Reynolds sees the U. S. fleet capturing 40 per cent of general cargo moving to and from our shores. Its current share is only about 8 per cent.

Rate war ahead?

The effect that increases in ship transport capacity will have on rates is in dispute. Experts agree with Mr. Reynolds of AIMS that so far, it has been negligible.

"The big rate war is coming next year," says a consultant widely recognized as an industry authority. Mr. Reynolds concedes: "It could happen, let's be frank about it." He notes that some carriers say they can break even operating at 30 per cent capacity with containers, and some are doing twice that.

Others, including Maritime Administrator Andrew Gibson, believe heavy spending by ship lines on containerships and containers should deter any rate-cutting. Safest bet is that at least they'll keep rates from rising. (Pacific Far East Line raised conventional shipping rates to Guam, for example, but held the line with its container operation.)

Meanwhile, shippers count containerization blessings including gains in speed; reduction of merchandise damage, pilferage, and other loss; fewer late-delivery penalties; savings in reduced special packing for export, plus the ability of manufacturers to operate with reduced inventory, which is so costly in a time of tight money.

These advantages have already made it possible for U. S. manufacturers to find new markets, expand in existing markets, and hang onto their export position in the face of new challenges or adverse conditions.

U. S. Steel credits container shipping with its ability to market prefabricated dwelling units in Europe; Sealtest found a market in Austria for ice cream shipped in refrigerated containers, and a grass seed producer in Ohio discovered a market in West Germany.

Maritime Administrator Gibson cites the case of U. S. hops growers who, using containers, regained a market in Venezuela which had been captured by West Germany.

Containers helped Sinclair Koppers Co. remain competitive in a tough export market, according to Jay A. Best, the company's manager of international marine transportation.

Sinclair Koppers was shipping polyethylene resins used for molding and extrusion processing in Europe. Some bags would break and the product would become fouled with contaminating material.

Containers solved the contamination problems and permitted the company to use the same packaging in domestic and foreign markets, yielding savings in packing costs.

More savings

Mr. Best cites another saving resulting from damage-free shipping: If a manufacturer must replace damaged goods at the original agreed-upon sales prices, he often has to absorb higher materials and labor costs during a time of inflation.

Colombia, as do many developing countries, has high tariff rates on importation of finished goods, says Mr.

Gibson. This put a crimp in market opportunities for U. S. detergent manufacturers until they began exporting component chemicals in containers, at lower raw-material tariff rates, for packaging within that country.

Some U. S. manufacturers of electronic equipment, sewing machines and sporting goods ship partially finished goods via container to countries with low labor costs, for completion—and bring them back for sale here. This helps them remain competitive with imports of totally foreign manufacture.

Container efficiencies make for optimum operation of the Ford Motor Co.'s far-flung system for manufacturing tractors in the U. S., Belgium and England.

Ford sees great advantages in concentrating production of components requiring specialized capabilities at one plant—engines, for example, at Basildon, England, and transmissions at Antwerp, Belgium. Each Ford tractor plant assembles complete tractors from parts produced by itself and the others.

Such a system creates long supply lines and extensive cross-shipment, which demand the reliability and speed afforded by container service, says Richard Haupt, Ford's director of transportation and traffic.

Barge carriers

Great impact on shipping is expected with introduction of barge-carrying ships. They'll carry medium sized barges called lighters—hence the term LASH for lighter aboard ship—or in the case of the Sea Barge (SEABEE), larger barges.

They vary in size, in capacity of the mother ships and in lifting equipment; LASH ships will carry cranes to lift the barges on and off while the SEABEE will use an elevator.

Both types differ from the full containership, which carries no lifting equipment and must depend on giant cranes and other costly support at developed major ports. They thus can provide access to shallow and undeveloped ports as well as to loading points on inland waterways that large ships can't reach.

While containerships tend to concentrate the flow of goods through major developed ports with extensive links to land transportation, barge carriers can serve many ports of call without being tied up for loading.

In effect, when the barge carrier drops a barge, it is detaching a piece of its hold or deck capacity, and moving on. Flexible in routes, it also is flexible in capacity. In addition to conventionally crated cargoes, it can handle containers, bulk solids or liquids, or freight transported on platforms known as pallets.

LASH ships are under construction and due for delivery through 1972 for Prudential Lines (five) and Pacific Far East Line (six). SEABEEs are being built for Lykes Bros. Steamship Co. (three).

A LASH ship already in operation under charter offers some indication of such a vessel's capability.

The Norwegian-owned and Japanese-built *Arcadia Forest* is operated by Central Gulf Steamship Corp. for International Paper Co.

Barges from the *Arcadia Forest* collect cargo from IPC plants scattered on or near the Mississippi River and its tributaries. Then they float to the Gulf where they are loaded aboard the mother ship for transatlantic hauls. Dropped at major European ports, the barges reach IPC's customers via inland waterways.

The effect, says Capt. Arthur A. Renehan, IPC's director of foreign freight traffic, is that IPC is ahead of the competition in a field where declining profitability might have forced the company out of the market.

Lykes Bros. plans to funnel traffic gathered from as much as 12,000 miles of inland waterways into the Gulf via SEABEEs for ship transport to Europe and thence to consignees via inland waterways on the other side.

F. Lee Betz, Lykes' project director, says shippers will have a vast range of access to the Gulf ports by various combinations of rail, truck and barge.

Pacific Far East regards the six LASH ships it has ordered, at $21 million each, as "costly experimentation" to keep abreast of any changing patterns of trade. "Whichever way the track goes," says PFEL's Washington vice president Howard Adams, "we'll be able to follow it with an efficient operation."

Initial operation of full containerships has been on trade routes serving the big industrialized exporting nations, with lesser activity on other routes including Latin America. The same will prevail initially for barge-carrying ships.

But there is large long-range potential for less developed areas in Asia and Africa, as well as for Latin America. A United Nations study of various types of unit-load techniques, which include containers and barges, said:

"Application of the unit-load principle should make . . . [developing countries'] resources more available, enable their labor to be more productive, promote production of goods, reduce costs of exported and imported goods in the marketplace, stabilize export and import prices and extend market areas for both exported goods and imported merchandise."

Closing the gap

Transportation alone can account for 50 or even 75 per cent of the delivered cost of many items such nations need for development, it said, and though it noted that "an economy emerging from transport by bullock cart and sampan will not readily assimilate an advanced concept such as containerization," it added that "the unit-loading principle will expedite . . . the closing of the gap between the developing countries and the more developed ones."

A Litton Industries study makes the point that barge-ship flexibility is "especially attractive for developing areas without full harbor facilities."

Farrell Steamship Lines is having containerships built for the African trade, "trying to anticipate developments on the African scene," according to Ray Holubowicz, a vice president of Ingalls shipyards, a Litton subsidiary which is building the ships for Farrell.

Containers are being used increasingly in Latin America, where a subagency of the Organization of American States is promoting development of port capacity and inland transit links.

As one example of impact, Edward V. Lewis, director of the Center for Maritime Studies, Webb Institute of Naval Architecture, reports, "Efficient containerized transportation has encouraged Puerto Rico to change from an agrarian to an industrial economy."

Containerization got a boost in Latin America after a solution was found to the problem of damage to coffee beans caused by condensed moisture inside the container. More outward shipment of coffee in containers means more inward shipment

of other products in containers, since two-way movement potential speeds expansion of service.

No quiet in the harbors

The impact on ports has already been staggering. A reclaimed stretch of New Jersey marshland is now Port Elizabeth, where more than $170 million has been spent in facilities.

The American Association of Port Authorities says that in the five years ending this year, spending for port development in this country has totaled $1 billion, as against $2.5 billion for the previous 20 years.

There has been much concern that the big ports with massive investment in container-handling facilities will grab off all the business, leaving lesser ports to dry up.

But the Port Authorities Association says small ports should get a piece of the barge action, as well as possible feeder service connecting them with large ports and continued calls by non-container cargo ships. A surge in the use of pallets, another form of unit loading, should help keep the small ports viable, according to Donald D. Allen, a spokesman for the ports association. Some term this wishful thinking. But one highly successful Norwegian carrier is committing a lot of shipbuilding money to the idea that palletization still has a place in the age of containers.

The shipping revolution's benefits haven't been fully understood, some experts feel. S. Lynn Walton, project manager for the trade and economics committee of the Maritime Transportation Research Board, remarks that, "A lot of guys [American manufacturers] are competitive in foreign markets and don't know it."

A lot of foreign firms may become more competitive in American markets, too.

Already there are close tie-ups of Canadian railroads with shipping and with truck lines which have access to key cities in the U. S. Midwest, and Mr. O'Hara of the Port of New York Authority says his port has lost some business and stands to lose more.

Some experts note that Canadian and European transportation companies have less regulation to contend with and hence greater flexibility.

The Maritime Research Board is well into a study of legal barriers impeding full integration of U. S. road, rail and ocean shipping, including problems of rates and documentation, cargo liability, antitrust bars to common ownership of various types of transportation, and responsiveness of regulatory agencies.

Congress is considering the Trade Simplification Act designed to remove some of the complexities which are a deterrent to getting into exports.

Organized labor's resistance to change is waning in view of renewed prospects for the maritime industry's future. After bitter strife, contract guarantees are improving prospects for stability even among longshoremen, whose function is drastically reduced by through shipment of containers.

There is a new responsiveness to shipping in Washington and industry optimists are confident that barriers to fully integrated shipping, door to door, will eventually fall. END

BUSINESS | A LOOK AHEAD

AGRICULTURE

The outlook for improvement of pesticides is dimmed as public clamor deters research. At least four chemical companies have dropped pesticides from their R&D programs and others wonder what's the use.

A spokesman for the National Agricultural Chemicals Association says public concern over pesticides has reached the point where even if the "ideal" pesticide were developed—one limited in impact to the pest to be eradicated, one that did its job effectively and instantly vanished from the environment—organized pressures and government regulation might keep it off the market for years, if not permanently.

Faced with this climate, top management and corporate boards of directors tend to look favorably on projects in more promising areas that compete with pesticides for the research dollar.

FOREIGN TRADE

Europe's Common Market is predicting substantial continued growth in trade with this country, with a sizable trade balance favoring the U. S.

Total trade volume between the U.S. and the Common Market stands at about $13 billion, three times the level of 1958. The U. S. has maintained surpluses averaging $1.2 billion a year. The figure was sharply reduced in 1968 but rebounded to more than $1 billion in 1969.

Earlier this year the Common Market issued a statement declaring: "Nothing suggests that the trend which has been characteristic of the last 10 years and more will not be maintained in the future."

MANUFACTURING

Advances in material-handling equipment combine with other forces to suggest that there will be greater use of overhead space in manufacturing facilities.

Government observers note that concern over labor costs sustains demand for such equipment, coupled with the need for more work or storage space; hence demand for cranes and other hoisting equipment.

Rising land costs militating against plant sprawl, and public desire for manufacturing in land-scarce urban areas, spur industry interest in more vertical operation.

One equipment manufacturer specializing in loading equipment speculates that beyond the next five years the bulk of his volume will be in providing vertical direction to the assembly process.

MARKETING

Chances are that advertising will become increasingly international in the years immediately ahead.

Already there is a handful of multinational agencies, and industry observers point out that many American agencies are planning or investigating internationalization.

There has been a series of announcements that U. S. agencies have acquired or are joining forces with agencies in other nations.

The growth rate of advertising abroad is swifter than in the U. S., paralleling growth in the consumer field. "It's part of the Americanization of the world," notes one observer. "It's part of their catching up with us."

Another notes that increasing internationalization of business offers potential for agencies with an international base.

CONSTRUCTION

Business support is growing for legislation to help develop a national market for new building materials and construction techniques.

The goal is to bring greater uniformity to the more than 5,000 local building codes in effect across the nation—a fragmentation widely acknowledged as inhibiting progress in the industry.

The vehicle is a bill sponsored by Rep. William S. Moorhead (D.-Pa.) which would set up an institute of building sciences to serve as a national clearing house on latest technological developments.

Envisioned as a nongovernmental, nonprofit corporation, it would develop and publish standards affecting all building materials, and conduct independent research. Sponsors insist it would complement rather than compete with work done by private sources.

Such an approach avoids the pitfalls of attempting to impose national standards which would override local authority.

CREDIT AND FINANCE

The mutual fund industry foresees substantial growth over the next decade from its $48 billion in assets at the first of this year. But there's a big spread among projected growth rates.

One is derived from past ratios between the industry's size and that of the gross national product. Assuming a 7 per cent annual rise in GNP, there would be a $1.2 trillion economy in 1980. If fund assets followed the trend, they'd reach a whopping $240 billion. Meanwhile, the research department of the Investment Company Institute has projected gross sales, which ran at a rate of $6.8 billion in 1969, at a 1980 rate of $16 billion. This would suggest a far lower growth figure, and assets of $150 billion in 1980.

Assets increased from $17 billion in 1960 to $48 billion at the end of 1969. If this pattern continued, 1980 assets would stand at $170 billion.

NATURAL RESOURCES

Research is offering some new ideas about wood products—how to get them and how to get rid of them.

A potential source for cellulose for pulp and reconstituted wood products is seen in the harvesting of closely spaced sycamore shoots a year or two out of the ground.

A. M. Herrick, dean of the University of Georgia's School of Forest Resources, notes that the idea has been kicking around for nearly five years; but recent laboratory tests of experimentally grown output show great promise.

The wood products industry has millions of acres in pine. Long-range advantages of harvesting shoots rather than mature trees lie in farmers' ability to grow them under contract, with their own labor and equipment. This would relieve users of the need to add to acreage owned, or to maintain additional work forces in the woods.

In addition, harvesting of shoots would avoid the compounding effects of taxation on standing timber which now is cut after 20 to 40 years.

Meanwhile, a pilot plant designed by engineers at Louisiana State University under government contract is succeeding in turning cellulose waste into low-cost, high-protein food.

TRANSPORTATION

Emotional exaggeration of legitimate concern over the environment may lead to irrational obstruction of new highway construction.

That's the view of an engineer with nationwide contacts in his field, on the basis of private expressions of concern.

Recent public scrutiny of projects has been healthy, he confides, in helping slow down those in his profession who fail to take into account the broader impact of road construction.

He supports the idea of the design concept team—assembling urban experts from varying fields to seek the best routing of roads to make them compatible with the areas through which they pass. This despite the inevitable delays.

But delay or a change in plans is one thing, outright stoppage another, he argues; and even justifiable cancellation of a project as a result of widespread public opposition can create a momentum endangering worthwhile improvements.

Welfare Reform: Our crying need.

Business Has Its Own Embassies

AmCham meetings give American businessmen overseas a chance to meet and exchange views on international trade matters.

Benjamin Franklin opened America's first diplomatic embassy in Paris in 1776. In 1894, also in Paris, 11 businessmen formed America's first business "embassy"—the American Chamber of Commerce in France.

Since then, U. S. businessmen in 31 countries on five continents have formed American chambers or, as they are familiarly known, "AmChams."

Their purpose: to provide voluntary business leadership to meet the growing economic and social challenges and complexities of doing business and living abroad.

As the 1970's get under way, American business abroad is very big business indeed. Direct U. S. foreign investment is valued at some $70 billion. Related production is nudging the $200 billion mark.

This volume of production is exceeded only by the gross national products of the United States and Russia.

International investments of all countries are growing—during the past 20 years at twice the rate of the world's GNP. If this trend continues through the next 20 years, more than half the world's economy will be internationalized. By the end of the 1970's many of the world's major manufacturing and service companies will be international in character.

These trends indicate an even wider and busier role for AmChams. AmCham services are increasing and promise to do so at an even faster rate.

Whether seen from past, present or future perspectives, the American chamber abroad is a vital element for achieving the aims of U. S. foreign policy.

AmChams are regularly used by U. S. and foreign government and business spokesmen as platforms to voice policies and opinions. During his trips to other nations, Secretary of Commerce Stans frequently has used AmCham membership meetings to articulate the Nixon Administration's trade and investment policies.

Through these organizations, American businessmen overseas are able to bring their views to bear on government policies. As a result of AmCham Okinawa's efforts, for example, American business interests on the island will be protected when Okinawa is turned back to Japan.

AmChams are especially active in combating discriminatory or restrictive governmental trends, whether U. S. or foreign, which slow down the freer international flow of goods, people, services and capital.

The import quota bills in Congress during recent years have been strongly opposed by the AmChams. Similarly, there are continuing AmCham efforts to remove trade and investment restrictions in Japan, for example.

How to find know-how

AmChams also are valuable contact points for American businessmen. In foreign countries where languages, laws and customs often present unfamiliar and unforeseen barriers to doing business, AmCham expertise can help business ventures. AmChams regularly offer businessmen essential briefings on economic conditions in host countries.

They often provide important information leading to choices on plant locations. Also, they pinpoint possibilities for joint ventures and licensing arrangements. They can be gold mines for business contacts.

An AmCham, like a local chamber in the United States, is an independent, private, nonprofit, volunteer association supported principally by membership dues.

AmCham members include U. S. and foreign firms and individuals interested in expanding trade and investment between a host country and the United States. They range from such corporate giants as IBM, Du Pont and Esso down to individual entrepreneurs.

These enterprises and individuals have one thing in common. They

seek to promote the private enterprise system, stimulate socioeconomic progress and engage in constructive dialogue with governments.

In Latin America, for example, AmChams from Mexico City to Santiago mount export expansion programs to help market more local goods to the United States. At the same time, U. S. firms doing business in Latin America use their AmChams to tell people there about the advantages of private initiative in economic development. The means vary. They include special films and radio programs, business-college symposiums, and continuous contact with opinion molders.

Whether in Casablanca, Caracas or Seoul, the social needs of the local people are very much on the minds of AmCham members. Earthquake and flood victims in these and other cities traditionally receive a helping hand from local AmChams.

AmChams cooperate closely with foreign chambers of commerce, with trade and professional associations in the U. S. and abroad, and, of course, with the Chamber of Commerce of the United States. They also work closely with key business organizations such as the International Chamber of Commerce and The Council for Latin America.

These direct relationships are reinforced by equally close contacts at top policy levels between the National Chamber and these international business organizations. This combination of relationships helps assure abroad the kind of climate in which the private initiative system can operate more effectively.

Through the National Chamber, AmChams are represented in Washington officialdom. On the other hand, they are an important vehicle through which the National Chamber develops and implements policies and programs to promote the interests of U. S. international business interests.

AmCham Switzerland, for example, represents the National Chamber before United Nations Economic and Social Council meetings in Geneva. AmCham Austria does the same before the United Nations Industrial Development Organization in Vienna. AmChams in Latin America serve as liaison between the National Chamber and regional organizations which meet there.

Membership requirements of AmChams are strict, particularly with respect to officers. The United States ambassador in a host country generally serves as honorary president of the local AmCham. The rules of all AmChams which are members of the National Chamber provide that their presidents and first vice presidents and a majority of their boards of directors be U. S. citizens.

"Roof organizations"

AmChams in Europe, Latin America and the Far East are united, respectively, under the Council of American Chambers of Commerce—Europe and Mediterranean (Council of AmChams EuroMed), the Association of American Chambers of Commerce in Latin America (AACCLA) and the Asian-Pacific Council of American Chambers (APCAC).

These AmCham "roof organizations" have been established to promote AmCham interests on a regional basis. Collectively, they represent more than 22,500 members.

They are especially active in Congress when proposed legislation would affect the operation of U. S. business abroad. Recently, for example, the AmChams played key roles in assuring that the Tax Reform Act of 1969 would not impair the competitiveness of U. S. overseas business.

AmChams are professionally managed, usually under a full-time, salaried chief executive. Officers, directors and committeemen are leading businessmen.

AmCham executive officers are familiar with American business practices and usually have an excellent knowledge of the host country's language. They are proficient in developing trade and investment contacts with firms and organizations in the United States and in assisting foreign firms which want information on American business. In brief, AmCham executives cope with a myriad of questions ranging from the routine to the extraordinary.

—JOHN L. CALDWELL,
International Group,
Chamber of Commerce of the United States.

Revolution in Housing

Varying techniques are having their ups and downs, but the construction industry clearly can produce the homes the nation needs

"Housing crisis? What housing crisis? We had one of the best years in our history."

That's what some producers of homes say of 1969—a year when, by conventional yardsticks, housing hit one of its worst slumps since World War II.

The failure rate for conventional home builders neared record highs.

Mortgage bankers warned that Washington was strangling the industry.

Department of Housing and Urban Development officials repeatedly warned of failure to reach a Congressional goal for the nation: 26 million new or rehabilitated homes in the next decade.

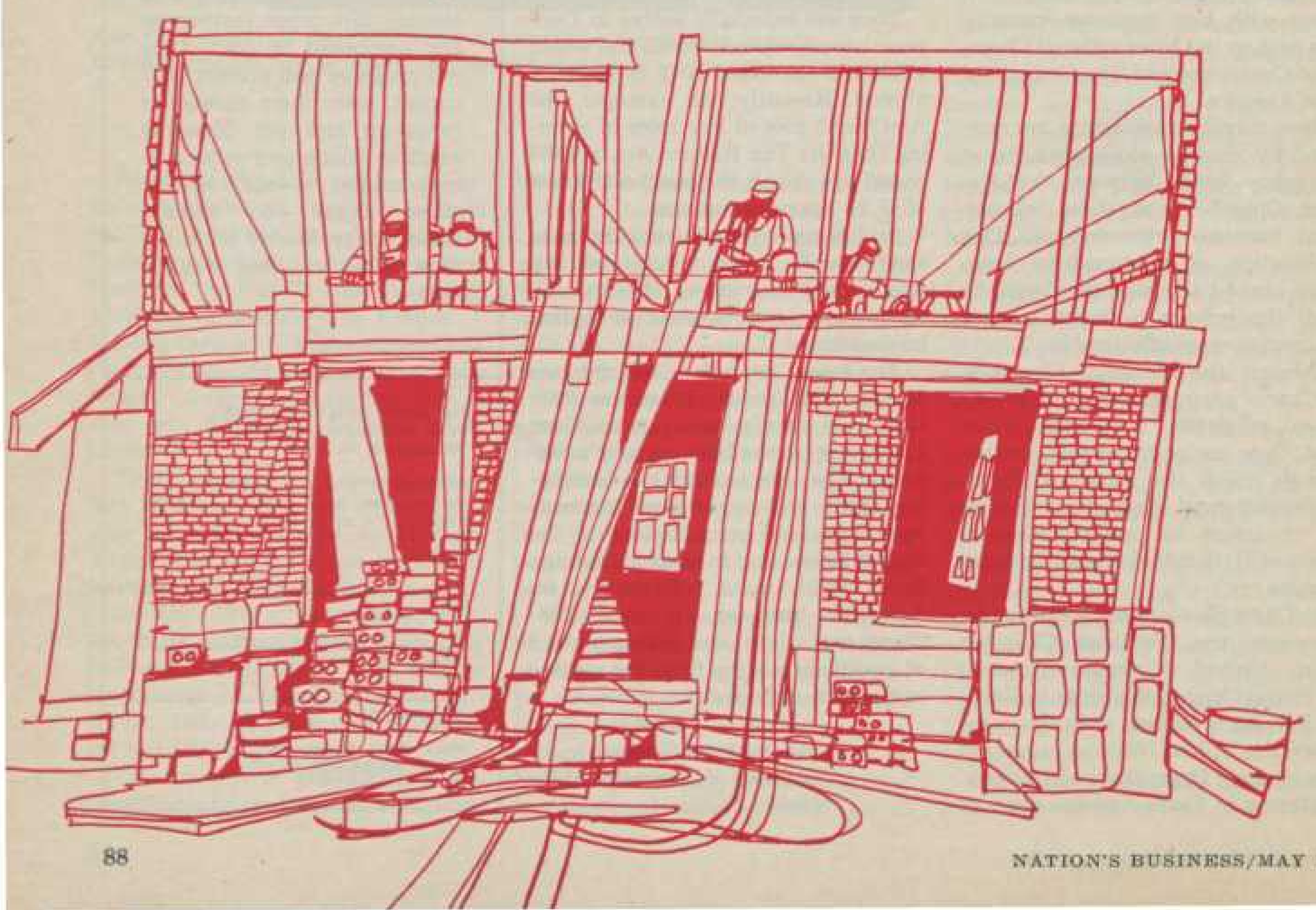
"We're falling behind more than a million homes a year," they cried.

How can one man's boom be another man's slump?

That seeming contradiction points to a fact often overlooked. Namely, that the housing industry is in the throes of a revolution.

Here are some of the developments already under way—or in the offing:

- A flood tide of mobile homes.



- The rise of giant corporate builders, less vulnerable to short-term swings in the money market.
- Twilight for many small, independent builders.
- New ways to tap the giant pools of money locked up in pension funds, profit-sharing plans, college endowments and trust funds.
- A massive assault on local zoning and building codes by Washington.
- Houses and apartments stacked up like building blocks, or spun like cocoons as more and more homes are factory-built.

"Last year, shipments of factory-built housing rose to 240,000 units, an increase of about 8 per cent, in a bad housing year," says John O. Richardson, president, National Association of Building Manufacturers, and vice president, Winston Modular Housing, Inc.

"If a national performance building code were adopted and administered uniformly among the states, our industry could supply a bigger and bigger share of the nation's need for permanent, code-complying housing."

The government is the moving force behind much of this sweeping change. For example, HUD is putting up more than $50 million to encourage new, lower-cost methods of construction to supply housing for low-income families.

This effort, labeled Operation Breakthrough, also will be directed at removing local barriers—especially in the suburbs—to housing for the poor and near-poor, both black and white.

A few months ago, HUD picked 22 companies to pioneer in new building techniques.

Many have devised ways to put together concrete or plywood "building blocks"—complete rooms that are tacked or bolted together on the site to make a single-family home or multifamily apartments. Others have perfected even more unconventional building methods—one proposes to construct a fiber glass shell by wrapping it around a collapsible core.

HUD's aim is to have these methods field-tested in 11 sites scattered across the country. For those that win public approval, HUD will use all the muscle it has—and it has plenty—to gain acceptance by local communities, suburban as well as urban.

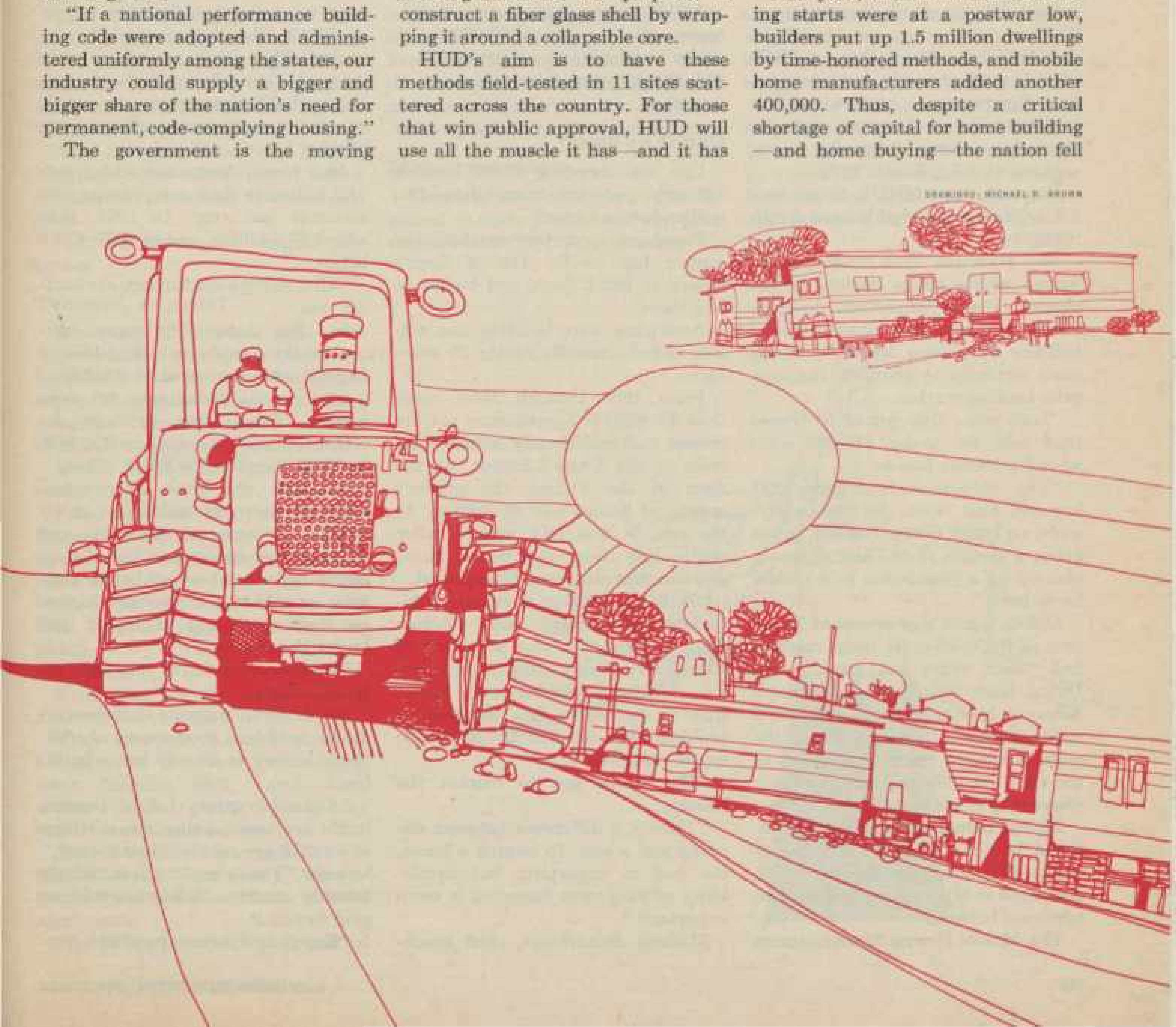
At the start of last year, the nation had about 66 million dwelling places. That includes all conventional housing—all types of apartments and homes—but excludes mobile homes.

Is the goal of 26 million more homes—newly built or substandard ones brought up to snuff—which Congress has set for the next 10 years attainable?

Six million of the 26 million are to be built with HUD's help, for low- and moderate-income families. Total estimated cost is $13 billion of federal funds.

That leaves 20 million units to be built by private industry for Americans who can afford to buy—or rent—without Washington's subsidies.

Last year, when conventional housing starts were at a postwar low, builders put up 1.5 million dwellings by time-honored methods, and mobile home manufacturers added another 400,000. Thus, despite a critical shortage of capital for home building—and home buying—the nation fell



Revolution in Housing *continued*

only a little short of two million, a point President Nixon made in an April report to Congress.

However, this feat is ignored by the statistics on housing starts. They're compiled by the Census Bureau, and the Bureau doesn't count mobile homes—as yet.

Figures don't lie?

So, for the record, only 1.5 million housing starts are credited to 1969.

"This is a statistical mirage," says Edward Dickman, past president, Mobile Homes Manufacturers Association. "It's like counting autos, but ignoring Volkswagens."

Actually, if you count mobile homes, American industry last year topped Washington's housing goal. The yearly average sought for the decade is 2.6 million. But, as HUD officials pointed out in testimony before Congressional committees, the target is to be reached by a gradually increasing volume of housing starts, peaking at 3.3 million in 1978.

For last year, HUD's target was 1,675,000 new or rehabilitated dwelling units.

Mr. Dickman says housing start figures which ignore mobile homes obscure a very important development, namely that conventional builders have been forced by rising costs virtually to abandon the low-price housing market.

"Last year, nine out of 10 homes that sold for under $15,000 were so-called mobile homes.

"The vine-covered cottage, that low-cost first house for the newlyweds, no longer exists. Instead, it has axles, a license plate—and is firmly planted on a foundation in a mobile home park."

Mobile homes now represent 25 per cent of the one-family home market, and "their share will grow," says Irving Rose, president of Detroit's Advance Mortgage Corp. He points out that they "are mobile only in the sense of moving from the factories to the sites—usually permanent sites—where they're planted."

Mobile homes have made such inroads because of price. They cost about $9 per square foot to build, compared to $19 a square foot for conventional homes.

The Mobile Homes Manufacturers Association estimates that the industry will turn out 475,000 units this year, 700,000 in 1972 and one million in 1975.

Some 70 per cent of them are used as year-round dwellings, MHMA says, and about half are in mobile home communities—or parks.

Developing these communities has itself become big business.

Last year, MHMA planned more than 200 for private developers. These average about 50 homes each. But some mobile home communities are subdivision size. Boise Cascade Corp., for example, lays out developments, complete with streets, sewers and other utilities, for as many as 1,000 homes.

MHMA says the average mobile home sells for about $6,000, with prices ranging from about $4,000 to $15,000. All come fully equipped and furnished.

Can it be done?

Can the changing U. S. housing industry put up more than two million homes a year?

Based on past performance, the answer has to be Yes—if there's money to build them, and buyers to buy them.

Americans were building two million homes annually nearly 20 years ago.

From 1950 through 1959, more than 15 million apartments, private houses and multifamily houses were built in the United States. At the start of the Fifties, the nation's supply of homes was 46 million. At the end, it was 58.5 million, after subtracting those torn down, burnt down or that otherwise disappeared.

"Building housing is strictly cold-turkey engineering," says Nathan Shafran, executive vice president of Cleveland's Forest City Enterprises, Inc. "America proved with Apollo that it can solve any engineering problem. We decided to go to the moon—and we went.

"But we've got to market the housing.

"There's a difference between demand and a sale. In buying a home, the cost is important, but availability of long-term financing is more important."

Michael Sumichrast, chief economist for the National Association of Home Builders, makes the same point.

"We have technology running out of our ears," he says. "What the housing industry needs is money."

It lacks it due to the credit crunch brought on by the Administration's inflation fight.

"Home builders have repeatedly learned they are the first casualties in the battle against inflation," says Richard M. Wasserman, president of Levitt & Sons, Inc. "That battlefield is strewn today with the bodies of bankrupt builders."

Savings and loan associations and other institutions that bankroll builders and home buyers find it hard to compete with other attractions for the interest-seeking investor. The going rates are more than the law allows them to pay, and probably more than they could afford, even if legal ceilings were lifted.

As a result, Americans added only $4.2 billion to their savings and loan accounts last year. In 1968, they added $7.5 billion, and in 1967, $10.7 billion.

Other lending institutions are hurting, too.

In 1969, deposits in mutual savings banks grew by only $2.5 billion. In 1968, they increased $4.2 billion.

Commercial banks were hit even harder. Their time deposits decreased about $11 billion in 1969. In 1968, they rose by $20.7 billion.

To ease the blow, Washington came to their aid with loans or by buying up some of their VA- and FHA-insured mortgages. But if they are to finance a housing boom, they must be able to get investors' money on their own—and in bigger and bigger chunks.

Many experts doubt they can attract enough.

Mr. Shafran suggests that pension funds could be a good source of additional money to finance home building.

"Actuarial surveys show pension funds are now aiming for a return of 6 to 6.5 per cent on their money," he says. "That's not much in today's housing market. Builders would be glad to pay it.

"Brand new money goes into pen-

Revolution in Housing *continued*

sion funds every day. Why can't a company use some of it to finance home buying—especially for its own employees? Can you think of a better fringe benefit?"

Today, pension funds—including those of local and state governments—put only about 5 per cent of their money into residential mortgages.

The National Association of Home Builders, meanwhile, suggests that the Federal Reserve Board order savings institutions to invest part of their assets in mortgages. Depositors, it adds, should be given tax inducements to sock away their savings there—rather than in other forms of investment.

The Treasury Department has proposed that 5 per cent of the interest earned on mortgage investments by savings and loan institutions, commercial banks and mutual savings banks be tax exempt.

Also discussed have been flexible mortgage rates, which would reflect changes in prevailing interest patterns.

Not all homes, of course, are houses.

Tenants, anyone?

It's likely that more and more Americans will rent rather than buy. Some will live in high-rise apartments. But unlike Europeans, most American tenants prefer low-rise town houses or garden apartments.

Young families are most likely to rent.

From 1968 to 1980, the Census Bureau estimates, families headed by someone 34 or under will increase more than 60 per cent. But those headed by someone between 35 and 54—the biggest homeowning group—will increase less than 1 per cent.

Economics are also on the side of apartments.

They cost less to build. And, as a survey by the New York investment banking firm, Laird, Inc., notes, "Rental costs typically lag behind homeowning costs."

Says Jenard Gross, president of the National Apartment Association: "Last year, we built 600,000 apartments.

"In 1970, we expect that half of all housing, except mobile homes, will be apartments. By 1975, we'll build almost three times as many apartments as conventional homes—1.3 million vs. 460,000."

Big corporations, some of them new to the field, will loom larger and larger in housing, many experts say.

"Industrialized housing," says John M. Dickerman, in a study prepared for The Producers Council, Inc., "is not coming. It is here. But its state of development might be likened to that of the automobile—before Henry Ford."

Industrial home builders do as much of the work as possible under a factory roof rather than on the home site. According to National Association of Building Manufacturers President Richardson, about a third of conventional single-family homes now are all, or largely, factory-built. And mobile homes, of course, are, too.

Money machines

Construction of this type is geared to mass production, and that requires large capital investment.

Corporations can swing it. "Well-run building corporations," says John G. Heiman, senior vice president, E. M. Warburg & Co., Inc., are not only "money-making machines; they are money-raising machines."

Last year, he pointed out to a meeting of the Mortgage Bankers Association, housing-related companies raised more than $685 million by selling stock to the public.

Big, well financed firms also have easier access to big lenders, like insurance companies, and are able to arrange home financing for those who buy from them, as well as for home construction.

In 1968, a year when all housing starts rose only 18 per cent, "the top 20 builders increased their combined unit output by 34 per cent and their total dollar sales by 38 per cent," the Laird survey notes.

"The overriding reason that majors [big builders] have sustained volume growth in recent years well in excess of the industry average has been their ability to locate mortgage financing for their customers."

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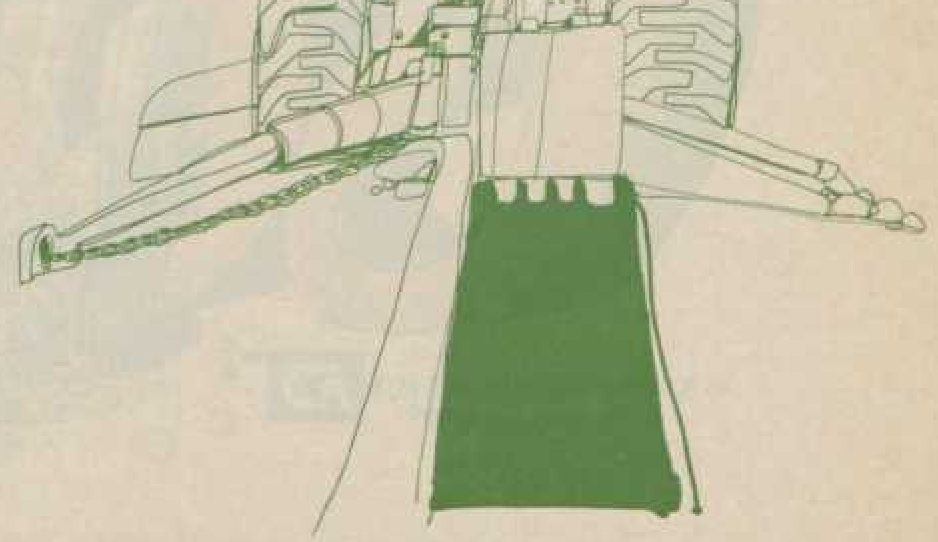

EDITORIAL

CLEARING THE AIR

If you're a father or grandfather, you're no doubt familiar with the way spoiled children "test" you to see how much they can get away with.

It's a lot like the way some of our public employees have been behaving.

It doesn't do much good to correct the spoiled child in each particular instance. You have to change his attitude so he understands he can't do as he pleases.

The same basic change is needed in the attitude not only of public employees, but of unions in general. They've been able to do as they please far too long.

It's time for Congress to change the whole atmosphere by overhauling the labor laws from top to bottom.

When speed, accuracy and dependability counted in a big way, in producing the world's biggest passenger jet—Boeing chose Apeco. Working on the spot, Apeco Roll-O-Matic Copymakers zoomed out more than 31,000,000 copies of instructions, plans and diagrams that went into the making of the phenomenal new Boeing 747 Superjet.

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